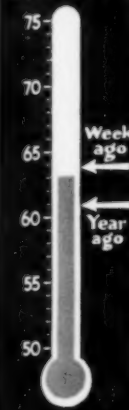


ADM. 20
R.R. 35

JUL 22 1935

BUSINESS WEEK

BUSINESS INDICATOR



McGRAW-HILL
PUBLISHING
COMPANY, INC.

20 CENTS

GOING UP—New York's Triborough Bridge rises as a concrete example of relief through local public works supported by PWA money. Administrator Ickes (insert) is urging the cities to similar projects. Business backs this program against boondoggling.

UNIVERSITY OF MICHIGAN
GENERAL LIBRARY
JAN 22 1935

"GOODRICH TIRES NEVER LET US DOWN!"

says **RAY BURRIS**, Foreman
Landon Cartage Co., Chicago

NO SIDEWALL FAILURES SINCE EQUIPPING WITH TRIPLE PROTECTED SILVERTOWNS

In comes an order to move a 42,000-pound well-drilling machine. Next it's a rush load to get aboard the St. Paul Express. Or a fragile cargo of glass that must be moved quickly—safely. One hundred and forty-five trucks and trailers are kept busy at the F. Landon Cartage Company. Every kind of hauling job. And every one on Goodrich Silvertowns!

How do these tires take it? Listen to Mr. Lee S. Landon: "The stops and starts of city traffic are hard on tires but we find that the new Silvertowns always stand up. They give us an average of 50,000 to 60,000 miles. The new Triple Protected Silvertowns are even better than the former Goodrich Tires which gave us such good service."

You, too, should use this new kind of tire. There's nothing else like it! Because a revolutionary invention in the sidewall actually checks 80% of premature failures! This sidewall protection, this Triple Protection, prevents a big cause of blow-outs—cuts down delays—slashes tire bills.

Big News FOR 1/2-TON TRUCK OWNERS

Goodrich has developed a new tire for half-ton trucks. It's the "Commercial 15." It's a low pressure tire with the combined advantages of an automobile and truck tire. Gives longer mileage, blow-out protection, non-skid safety. Ask to see the "Commercial 15"—the smartest-looking tire ever built for delivery trucks.

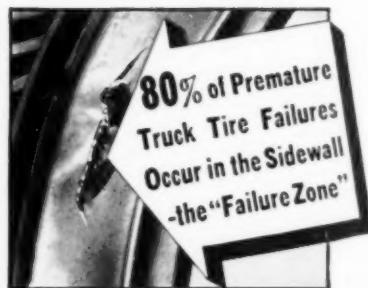
If you want to set a new high for mileage, a new low for costs, get the only tire that has this 3-way protection:

- 1 PLYFLEX**—a new, tough, sturdy rubber material with greater resistance to stretch. A layer of Plyflex in the sidewall prevents ply separation—distributes stresses—checks local weakness.
- 2 PLY-LOCK**—the new Goodrich way of locking the plies about the bead. Anchoring them in place. Positive protection against the short plies tearing loose above the bead.
- 3 100% FULL-FLOATING CORD**—Each cord is surrounded by rubber. With ordinary cross-woven fabric, when the cords touch each other, they rub—get hot—break. In Silvertowns, there are no cross cords. No friction.

Don't delay. Follow the lead of the sharp buyers. Put Triple Protected Silvertowns on every truck wheel. You pay *nothing* extra for the extra service you are bound to get.

FREE! 44-PAGE HANDBOOK FOR TRUCK OPERATORS

Every truck owner, every driver should have this big 44-page handbook. Gives commodity weights, tire load capacities, inflation schedules, dual spacing chart, load analysis and other useful information. No obligation. Write for free copy. Dept. T-89, The B. F. Goodrich Company, Akron, Ohio.



Goodrich Triple Protected Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

BUSINESS WEEK

Washington Bulletin

WASHINGTON (By Business Week Staff Correspondents)—Roosevelt sits gaily on Capitol Hill steam gauge, watches a trembling pointer signal danger and blithely demands full speed ahead. Explosion seems imminent but pressure will probably blow off in noise. Evidence: Adjournment move in House, crushed by heavy vote, despite private conviction of overwhelming majority that Congress should go home.

President insists tax bill, social security, utility holding company strangulation, alcohol control, Guffey coal bill and other "must" measures be rushed through, overrules practically every Democratic leader. Almost all leaders save Garner fear consequences, believe enactment of tax measure now highly dangerous, realize country wants a rest, business a breathing spell. But they fear White House more, so program will go through.

First Cloud Over Election

Tax situation looms over everything. For first time since 1932, politicians are not absolutely sure Roosevelt will be reelected. Belief that people are becoming tax-conscious increases. Hence fears of party heads that, while boiler may not burst this session, it may be so weakened that New Deal will be swept out in 1936.

Shooting in the Air

Height of futility would seem to be witnesses at tax hearings discussing non-existent tax schedules. Those highly unofficial figures for which no one takes responsibility are recognized as Brain Trust products. While attack rages, Morgenthau stands aloof, willing to do an auditing job on any figures Congress inquires about.

Rail Fare Slashes

Railroad, Pullman car, bus, and petroleum interests will all be affected by approaching (i.e., within several months) ICC approval of slashes in Pullman passenger railroad fares to 3c. a mile and day coach rates to 2c. Southern and Western roads, already experimenting with cuts, won't suffer, but such Eastern roads as the Pennsy, Central, and New Haven lines stand to lose. Buses will meet stiff new competition, but railroads count on major travel and revenue increase from individual auto users.

Way for Public Works

Roosevelt has given both Ickes and Hopkins their heads on work relief. In sanctioning Ickes' plans, President has now avoided charges of discrimi-

TAX DOPE

Court decisions against processing taxes convince lawyers here Supreme Court will knock them out as it did NRA, thus adding \$570 millions (budget estimate of processing taxes for fiscal 1936) to whatever new revenue is already needed. Insiders add this \$570 millions to \$340 millions, first-mentioned estimate on President's tax proposals. In addition, they make allowance for processing taxes which the Treasury may be ordered to refund—or at least that part which it cannot collect if injunctions are sustained. There's no possibility of dropping benefit payments.

nation against public works. Matter of fact, he prefers them, as required local contributions of 55% of their cost swell amount spent and ease strain of making every \$1,100 of federal money provide one job.

PWA Rate Cuts Unlikely

PWA announces it will rescue cities with excellent credit from collusion of investment bankers. Thus, if all bankers' bids should be barely under PWA's own rate, 4%, and city demonstrates conspiracy, PWA will make loan at lower rate. If it does, political pressure to grant other cities same rate would be terrific. Ickes knows that, so observers will be surprised if anything actually happens.

Day in Court Defended

Brain Trusters are flabbergasted at opposition to bill to outlaw suits against government on gold clause. Refusing to let a man prove damages in court runs against fundamentals, says strongly pro-Administration Senator Ashurst.

Chain Drive Too Sweeping

Proponents of legislation to handi-cap chain distributors find their pro-

posals attacked by wide range of interests because of sweeping condemnation of price differentials. To get anywhere, they'll have to narrow their efforts considerably. Even anti-big-business Washington doesn't choose to take on all divisions of human affairs in this one round.

Frazier-Lemke Out

Farm mortgage refinancing briefly takes House spotlight as Representative Lemke persistently drums up signers for his petition to return Frazier-Lemke bill to preferred legislative position. Despite Administration opposition, measure may pass House, but has no chance in Senate. Farm relievers wish energies of agricultural group could be spared as all available strength is needed to maintain AAA momentum.

Off Administration Wagon

New alcohol control measure got completely out of Administration hands in House. President, Morgenthau, and Choate are all working on the Senate. Violent opposition of brewers, wholesalers, and rectifiers proved more potent in House than Administration plus distillers. It's still probable bottles will triumph over barrels, despite House action, but nothing like as sure as it seemed two weeks ago.

Drug Bill Delayed

Puncturing prospects for quick passage, House hearings on food and drug bill begin Monday—much to the discomfort of those who originally fought it not wisely but too well. It's hard now to convince Congressmen that they want it passed and permanently out of the way.

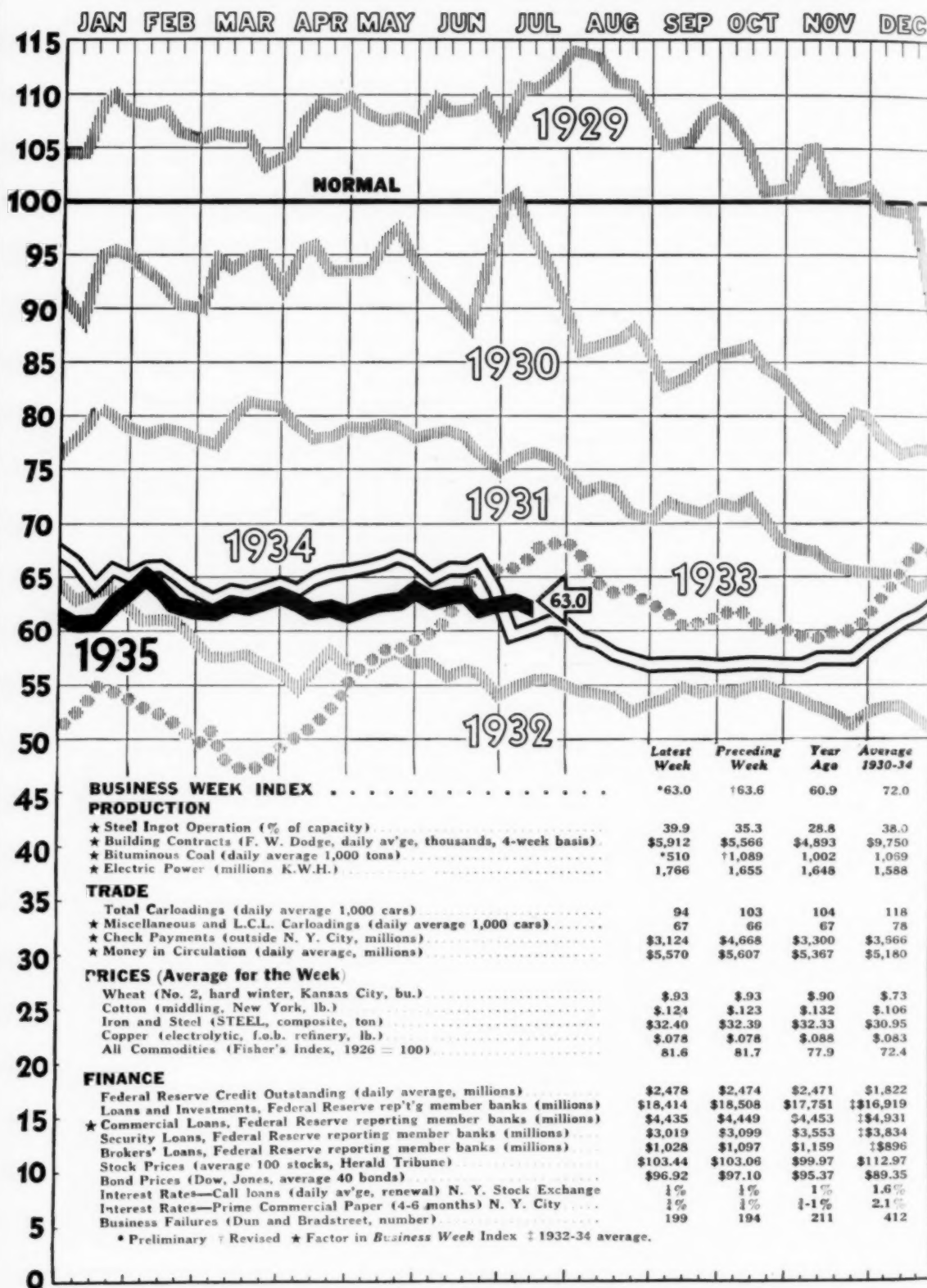
Politics Before Ladies

In taking administration of unemployment insurance and old-age pensions out from under Labor Department, Senate and House conferees spanked Madame Perkins. Which proves 2 things: The first lady Cabinet member is none too popular on Capitol Hill, and—more importantly—Roosevelt has to concentrate all his power these days to get measures passed as he wants them.

Subdued Reserve Board

A funeral hush pervades the fifth floor of the Washington building where the members of the Federal Reserve Board are quartered. Names on the doors look like inscriptions on tombstones. It is bad enough to be legislated out of office but it is worse when no one can be found to lead the opposition to that phase of the banking bill.

WEEKLY INDEX OF BUSINESS ACTIVITY



THE
are o
power
earnin
tained
unexp
ness,
It v
when
tained
proce
AAA.
orders
still i
confu

Oth
able f
low h
tion, s
Copper
of the
half o
under
of boo

Cem
in New
blamed
seaboar
to spre
form a
ness ap
sylvania
second
moving
mission
produc
slump
had fai
tion, C
crease
imperi
prices
sure fro

Com
for the
those f
affords
in the
Here a
Compa
General
Caterpill
Inter-Ha
Johns-Ma
G. E.
pillar's
25%, a
For J-N
marked
renova
increase

JULY 2

The Business Outlook

THERE'S no longer any doubt about it—durable goods industries are on the up. It's apparent in construction activity, in electric power consumption, in machine tool orders, in first-half sales and earnings reports, in employment records, in steel's remarkably sustained midsummer pace. To top off this domestic revival, comes an unexpected boost from abroad—\$30 millions of future Soviet business, destined mostly for heavy machinery.

It was consumer goods markets that suffered setbacks this week when a Massachusetts court sustained one of many protests on processing taxes levied under AAA. Despite large pending orders, trading came to a standstill in textiles. Food men were confused. Sugar, cotton declined.

Copper Demand Heavy

Otherwise, the week was most notable for substantial recovery from low holiday levels in motor production, steel output, coal, carloadings. Copper sales were so heavy first part of the week that tonnage sold in first half of July equalled 2-month quota under former code. Producers talked of boosting prices.

Price Pressure Evident

Cement price cuts, coming to light in New York area this week, were blamed on foreign competition by seaboard operators, were not expected to spread inland where freight charges form a barrier. Gasoline price weakness appeared again in Detroit. Pennsylvania crude prices were slashed for second time this summer in hopes of moving stocks. Texas Railroad Commission abandoned its efforts to cut production following a recent price slump in crude; its curtailment plan had failed to bring about price restoration. Oil production continues to increase in Oklahoma and California, imperiling the price structure. Steel prices were also threatened by pressure from the motor industry.

Rift in the Clouds

Comparison of early sales reports for the first half of this year with those for the first 6 months of 1934 affords tangible evidence of a break in the clouds for heavy industries. Here are a few:

Company	1934	1935
General Electric	\$80,983,094	\$94,546,274
Caterpillar Tractor	13,058,787	18,795,714
Cutler-Hammer	2,673,921	3,353,058
Johns-Manville	11,653,676	14,772,586

G. E.'s gain comes to 17%, Caterpillar's to 44%, Cutler-Hammer's to 25%, and Johns-Manville's to 27%. For J-M this sales gain, traceable to marked stimulation of housing and renovation markets, meant a 359% increase in earnings. Similarly, Glid-

REVIVAL SEASON

It's a durable goods summer, especially marked now that consumer goods must live in the shadow of AAA uncertainty. Machine tool orders in June hit a 6-year high, and with orders from Detroit and the Soviet July looks good too. May electric power consumption by large industrial users was the highest for any month since September, 1931. Steel is up to 40% of capacity; its chief worry is price pressure from Detroit and Toledo. Textiles have hit the dog days. Retail sales are well sustained. Industrial stock prices reached a new high for 1935.

den Co. (paint and varnish makers) increased profits 40% in the first half.

Machine Tool Recovery

Unlooked-for was the tremendous gain in the dollar volume of machine tool orders last month that brought the index up to 91% of the 1926 average, the best June level since 1929. Most encouraging is the appearance of such volume in normally dull summer months. Toledo is adding to shop payrolls as motor manufacturers place orders for new fall models. Cincinnati, Chicago, and West Coast tool centers see the best summer's business in 6 years. The September show, first since 1929, apparently will come at a propitious moment, should carry the year to a brilliant close.

Motors Break Records

Cheerful reports continue to come from motor centers. June sales and production were highest for any month since 1929 for Chevrolet. Ford June sales surpassed those for any June in 5 years. Passenger car sales in the first half will run 45% ahead of the first 6 months of 1934; truck sales will show a 31% gain. Advance estimate of 50,000 for June truck sales means all-time record for

the month. Second-quarter profits statements in motor industry will be above the first 3 months.

An Ounce of Prevention

Detroit is most concerned about preparations for the 1936 models. Production on this year's cars will taper in the next few weeks, hit a low in August. A few makers will bring out new models next month, others count on September and October. Makers have been careful to parcel out tool business in advance this year, some going well east of Detroit to avoid labor trouble. Plans for the meeting of the newly chartered A. F. L. motor union in August and for Father Coughlin's round-up of labor followers in early September are scarcely relished in Detroit.

Steel Exceeds Expectations

Rebounding of steel activity to the 40% of capacity line in mid-July is better than even close trade interests had expected. It has been achieved despite decline in motor purchases and hinges chiefly on good volume of business in structural steels, bars, and tin plate. Tin plate operations jumped 20 points to 85% of capacity. Food, oil, and beer industries contributed to the unexpected demand for tin plate. Railroads, scanning the possibilities of a fall gain in trade, are looking over equipment, filling in much needed gaps. Stove makers are taking up the slack left by refrigerator producers. Strength in scrap prices forecast higher operating rates for steel.

Motors Seek Concessions

Prices, rather than production, are the chief concern of the steel industry. The familiar pre-NRA tug of war is on again between buyers and sellers. Pressure from Detroit is now increasing. A Ford inquiry for 90,000 tons precipitates the big test. Most observers feel some concession will be made to motors, that any break at Detroit will spread to other centers. Toledo industries are renewing protests unheeded under NRA for price differentials on steel enjoyed by their competitors in Michigan.

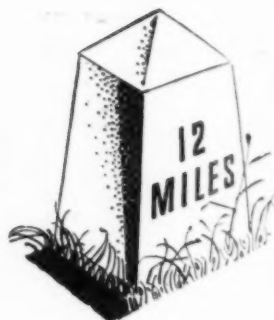
Retail Sales Steady

The public is buying goods rather than life insurance this summer. Having dropped below 1934 in 4 out of the first 6 months, sales of ordinary life hit 1935's low last month. Department store sales, on the other hand, held steady in June instead of dropping into seasonal decline. First 6 months' total is 2% ahead of 1934; rural retail sales are ahead 22½%. Declining prices of food and clothing have lowered wage-earners' living costs for 3 consecutive months.

THERE ARE NEW

frontiers

YET TO BE WON



● Our old frontiers are gone. The historic formula of carving recovery out of virgin territory cannot be repeated.

The winning of our new frontiers is not a conquest of miles, but of millions... the millions of dollars it is costing the nation to wring a kind of desperate efficiency out of existing buildings and factories and transportation systems.

Today's pioneers are America's engineers, architects and designers. Their frontier is as wide as all industry. Their struggle is against obsolescence and inefficiency.

There are three fundamental ways in which Aluminum can help them in their battle:

Aluminum can save the shameful waste of power that is caused by needless weight in motion. For example, heavy trains, and ponderous trucks and buses are economically absurd. Every machine or part of a machine that has to be moved should be light to be efficient. Wherever metal is put in motion, lightness means efficiency. Nature made Aluminum light. Research has made it strong.

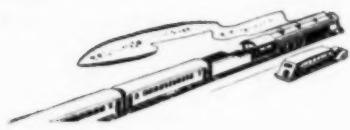
Aluminum can save much of the waste

caused by corrosion. The way to defeat that arch enemy of metals is to starve it to death. Atmospheric corrosion as well as many kinds of industrial corrosion, has little appetite for Aluminum. Aluminum scores again.

Aluminum can speed up and cut the cost of nearly all manufacturing processes that depend on heat transfer. That is because Nature made Aluminum a superior conductor of heat.

Speedy revival of the durable goods industries is not entirely a matter of economic recovery. Partly it must come from modernization. Greater efficiency can be achieved by every architect, engineer and designer pushing forward via fundamentals, three of the most important of which are found in Aluminum.

To make Aluminum more serviceable, more economical and easier to use has been our objective for 50 years. We try to make every commercial and engineering contact a sincere and practical expression of that objective. Problems and inquiries are invited from manufacturers and their technical men. ALUMINUM COMPANY OF AMERICA, Gulf Building, Pittsburgh, Pennsylvania.



forward via fundamentals

JULY 20, 1935

Bigness Tax Is Vulnerable Spot

Possible: Individual companies and stockholders can influence Congress on new corporation levies—if they move fast. Probable: To raise revenue, legislators will hit smaller taxpayers than President aimed at. Certain: A tax bill will be passed this session.

WASHINGTON (Special Correspondence) —Despite much grumbling, and more talk about putting off the tax bill until October, or even next year, Congress will pass a tax bill before adjournment. A poll at the moment would probably show at least a small majority for postponing action, but this attitude will yield before the President's insistence, backed up by the Progressive Republicans.

But—the bill when finally passed will not bear much resemblance to the various half-baked figures and suggestions which came, apparently from White House sources (though this is violently denied), after tax message was sent in.

While Congress can be forced to pass some tax bill it cannot be forced to pass just such a measure as the President desires. But it doesn't yet know what it will do in the way of revision.

And right there is the essence of the situation, so far as business is concerned. Business ought to get busy, at once, if it wishes to have the kind of bill which will not handicap it too much in its fight back to prosperity, and employment. This cannot be done through the Chamber of Commerce, or the National Association of Manufacturers, or any other such broad and all inclusive agency, however much they may help. It can be done by the individual corporations, individually stating their case to Congress and to the public.

Where Sliding Scale Leads

As this is written very few senators or representatives have seriously considered the potentialities of the sliding scale corporation income taxes. Only a handful have realized that it is the opening wedge of a move which, carried logically to where the President desires, would actually force the substitution of a large number of small corporations for a small number of large manufacturers. That is just what the President's advisers now in the saddle hope to do.

One of the bright young men of the Frankfurter school remarked at a dinner party more than a week after the President's message that 17½%, the top rate proposed on the sliding scale tax for

corporation income, was "nothing like high enough to accomplish the desired purpose"—that it should be made 25% at the outset, and increased as rapidly as political expediency would permit, until big corporations had to break up.

And this doesn't mean just such big corporations as American Telephone, U. S. Steel, General Motors. Loose talk about reducing the tax on small corporations while raising it on the large has been very deceptive. Under the original setup only corporations with net incomes below \$40,000 a year would have taxes reduced; all earning in excess of \$40,000 would have them increased. The 16% rate applies on incomes in excess of \$300,000, the 17% rate on \$1 million, and the maximum 17½% on all in excess of \$20 millions.

It is a known fact, though it may be denied, that even Treasury Secretary Morgenthau and Professor Molcy did not approve this high sliding scale. Mor-

genthau's position explains why he was so unsatisfactory before the House Ways and Means Committee. He was being a good soldier, but he was under wraps of two kinds. One was his own opposition to the Presidential program, which wild horses could not have dragged from him. The other was an unwillingness to force any more responsibility on the Administration than it was willing to take.

The President does not use Morgenthau for trial balloons. He uses Tugwell, and sometimes senators like Harrison and Robinson.

Where the Money Is

Being interested far more in the "better social order" phase of the tax program than in revenue-raising, the President was somewhat shocked at the determination of Congress to make revenue-raising the paramount, if not the only, purpose. The political consequences dropping down where you boost the taxes of the big fish in the little ponds, the big shots in the small towns, are perfectly clear at the White House.

But that is where the money is—so far as federal revenue is concerned—and, from present indications, Congress is going after it.

The most uncertain part of the program is that hitting the corporations. It is the only spot in the entire tax agenda where any presentation of evidence, or



TIRED CONGRESSMEN—As they listen in on the House Rules Committee investigation of utility lobbying, Representatives McSwain, Cox, Smith, and Lewis (left to right) visibly reflect the fatigue and tension, bred by Washington's sweltering weather, which promise rough riding for the President's new tax program.

protest letter writing, will accomplish anything. The proof that something can be accomplished lies in that vote in the House of Representatives on the death sentence in the public utility holding corporation bill; not in the net results so far as hurting the holding companies are concerned, but in the demonstration that enough stockholders could force a rabbit congressman to bite a bulldog White House—if they lived and voted in the rabbit congressman's district!

Meanwhile there is more need for speed, if the stockholders of this country

don't want to see a longer step taken in the direction of turning dividends into taxes than appears in newspaper accounts of Congressional action. Right now is the formative stage. Senators and members of the House like to be consistent. After much fear and trembling, in private, they determine their courses, and then in public, for the most part, defend them like lions.

Right now this issue is in the balance. By Aug. 1 enough national legislators may have taken irrevocable positions to freeze the result.

Alabama Power Co.; he enjoined many municipalities from buying TVA power or spending PWA money to build electric light plants.

The 3 appellate judges find that the government built the \$50-million Wilson Dam (finished in 1925) to improve navigation on the Tennessee River and to produce war munitions; that its right to do so is unchallenged; that it has the constitutional right to dispose of its property, including not only incidental or accidental surplus of water power but any surplus—this despite its announced purpose to establish a "yardstick," underselling private competitors, and encouraging municipal ownership. They added that TVA has not exceeded the powers granted it by Congress. So perhaps the new TVA legislation now pending in Congress will not be needed.

Another clash of desires for social betterment with constitutional yeas and nays resulted in a circuit court decision at Cincinnati that the government has no power to condemn land for low-cost housing. Realty owners applaud. It protects their freedom to haggle for higher prices against prices fixed by the principle of eminent domain.

Ickes Sees an "Out"

The decision is a setback but not a death-blow to PWA's \$249-million slum clearance and low-cost housing plans. Some \$160 millions already has been set aside for projects in 50 cities. Adamantine Secretary Ickes refuses to accept the ruling as a defeat. He says that many alternate sites already have been selected. These will be bought direct from owners willing to accept reasonable figures, or local authorities will condemn through state laws.

AAA, PWA Lose; TVA Wins

New Deal's battle toward the Supreme Court meets two repulses, gains one victory.

Two repulses and one advance were chalked up this week in the battle of the New Deal through the courts. All three were met in the second line of judicial trenches when appeals from lower courts brought circuit court decisions that declared AAA unconstitutional, found TVA within the constitution, and ruled condemnation of land for low-cost housing outside PWA's power.

AAA went down at Boston in a 2 to 1 ruling that Congressional delegation of power to the Secretary of Agriculture was improper. The tone of the decision followed closely and significantly that of the Supreme Court in the Schechter case which wrote *finis* to NRA. Result: the Treasury may have to pay farm benefits without processing taxes, may have to make refunds.

Hoosac Mills Corp. was the complainant in the circuit court. The textile manufacturer had once been rebuffed in the district court when Judge Brewster ordered it to pay \$82,000 in processing and floor taxes demanded by the collector of internal revenue. The circuit court reversed the district court.

While similar to the more than 100 suits filed within the last month by the food, textile, and tobacco trades, this one is especially important since it is regarded as the test case and will be first to reach the Supreme Court, unless proposed AAA amendments, now having rough sledding in the Senate, become law, whereupon the processing trades may have to abandon suits now in court and initiate new litigation to get an ultimate verdict on constitutionality.

TVA Can Sell Power

✕ In the TVA decision, 3 appellate judges at New Orleans ruled that, although the government "cannot engage at will in private business," it can sell its property, including surplus waterpower, "even though in doing so it may enter into competition with other public or private owners of property."

The Alabama Power Co. contracted to sell to TVA, for \$1½ millions, its transmission lines extending from Wilson Dam at the Muscle Shoals plant in Alabama into 7 Alabama counties. Later the company agreed to act as agent of the Electric Home and Farm Authority in collecting instalments on purchases of electrical appliances sold by retailers.

The company also offered to sell its distribution systems to municipalities; this plan fell through, so it offered an option on the systems to TVA.

Minority holders of preferred stock in the company sued to invalidate all these contracts. Soon TVA gave notice that it would not exercise the option.

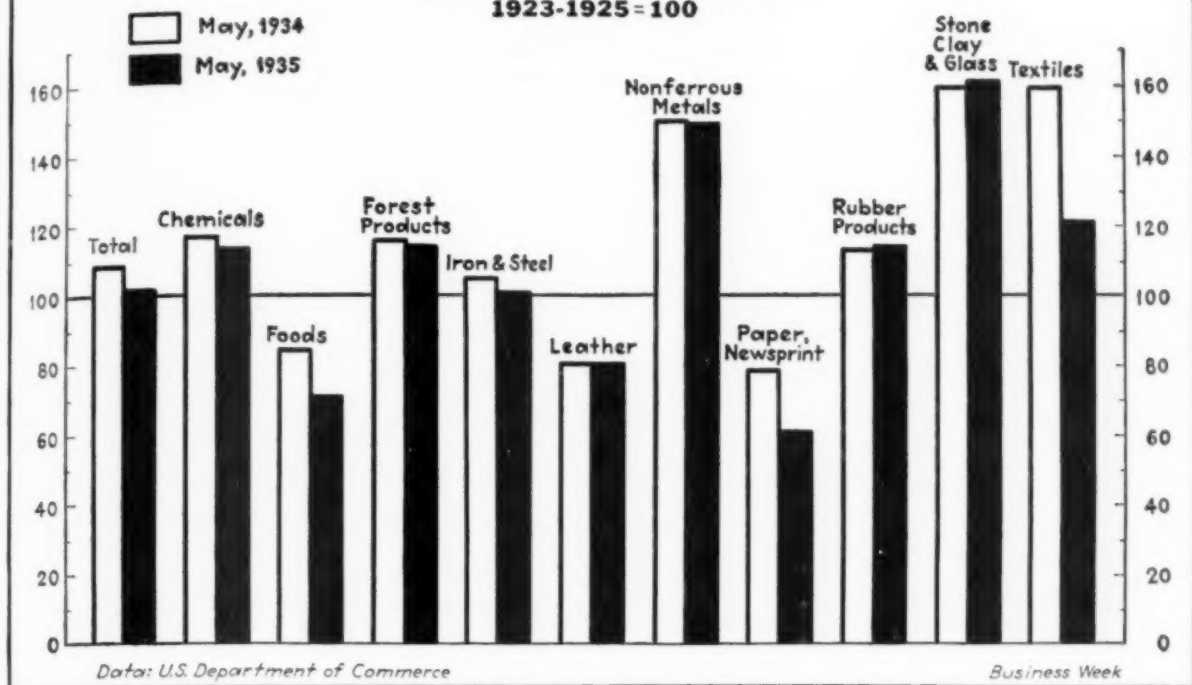
Federal District Judge W. I. Grubb held the contracts illegal, as the government had no right to compete with the



SUMMER JUNKET—Cruising on the lake which is rapidly filling in behind Boulder Dam, members of the House Appropriations and Naval Affairs Committees initiate early the traditional summer program of Congressional labor, variously known as checking up on national affairs or vacationing at the taxpayer's expense.

SHRUNKEN SURPLUSES

Stocks of Manufactured Goods
1923-1925 = 100



That "Fall Upturn" Looks Real

This time, the key statistics of business make the argument for a broad and general advance in the fall months something more than "wish-thinking."

BUSINESS is headed for a new plateau of recovery this fall. Two factors in particular support this conviction. The first is the increased buying power of consumers. The second is the borrowing power of corporations directed to the purchase of equipment, which has just started to exert its influence. It is the chance of having corporation buying power unleashed that injects real optimism into the fall outlook.

Industry has started to spend money. Better sales and earnings encourage the tendency. With NRA gone, the drive to cut costs and hold down prices urges modernization. The easy-money policy, a plethora of credit accommodations, and hungry capital markets, remove any financial impediment. And behind the scenes is always the possibility that the threat of inflation will touch off a stampede of spending and borrowing to translate cash into physical things.

The impulse to put money into commodities and equipment can also come from a far happier development—a recovery of confidence in price-levels.

Business is beginning to regard price quotations as above board—not subject to furtive reductions—and already there have been instances where purchases have been stepped up to more normal volumes in consequence. For example, when copper broke loose from its peg, there was a wave of buying that has given the market what appears to be a sounder underpinning that it had from the code.

Bigger payrolls, bigger farm income (page 8) indicate a further lift in demand from consumers. Unlike the situation in 1933 and 1934, when at midyear recovery hit a snag in overbuilt inventories, this year goods must be manufactured to satisfy that demand. That is evident from a review of inventory policies in industry and merchandising, from such an analysis of stocks of manufactured goods on hand as is pictured in the accompanying chart.

Total stocks of manufactured goods are down to the levels prevailing in the 1923-25 period. Unwieldy stocks persist only in nonferrous metal products

(where the problem has been chronic and is as near control now as at any recent stage); in certain building materials where consumption is growing fast; in textiles, where the situation has been clarified by recent curtailment and is expected to warrant resumption of activity with the new sales season.

Not to be disregarded in the fall outlook is the new mental state of business leaders, an aggressive, almost pugnacious attitude notable since the Supreme Court decision on NRA. Adjournment of Congress will be a big help. Public works projects will be adding something to total business volumes by that time.

Motor Plants Tool Up

The automobile industry, spearpoint of the advance of business from depression, will launch on Nov. 1 a new sales season that now promises to do even better than 1935. Already the industry has started tooling up, and material buying is due to begin in August and September, with volume purchases starting in October (page 16).

The prospect for automobiles is paralleled in steel, which benefits most directly from big motor production and has been second only to the automobile industry in sustaining business volumes so far this year. Last year's steel operations were artificially sustained for the first 6 months in anticipation of a July 1 price advance. Thereafter, operations were severely curtailed until revived by the

automobile orders in December. This year promises a steadier summer volume. There will be good business with miscellaneous customers, including farm tool and implement makers, tinplate users, and possibly—at last—the railroads.

Much like steel, the textile industry, biggest employer of factory labor, will make a favorable comparison with the summer and fall of 1934, when the cotton division was voluntarily curtailed from June to September and was shut down in the latter month by the strike.

So far, labor troubles have been less serious than in 1934, even if disputes have been more numerous than last year, which saw the most strikes and lock-outs since 1921. The labor situation is something to worry about.

Employment and payroll gains measure the improvement. Factory payrolls averaged \$140 millions weekly for the first 5 months of 1934, contrasting with \$94 millions at the low point in 1932. Since last year pay envelopes have grown 9% heavier. Those of workers on durable goods got a lift of 13.5%, those of the consumption goods industries 5.6%.

Outside the factory, there were gains in payrolls at all mines except anthracite and stone quarries running as high as 18.5% for metal ore miners. And there were gains in service employment—in laundries and hotels, as well as in mercantile establishments—4.5% in wholesale trade, only 1.2% in retail stores. Most vital was the pickup of 16.6% in pay on private construction.

Earlier in the year most of the pay increase was cancelled by higher living costs, up an average of 5.2% for the first 6 months. Food and rent accounted for all the increase. But foods have tended downward since last year's shortages are partly repaired.

The higher rent bill is considered beneficial, supporting as it does the incipient rally in construction, a field of activity in which general revival can make an immeasurable contribution to recovery.

Building seems to be on its way with a 58% gain in residential construction during the first half of 1935, almost enough to offset the slump in other types. Rents must be a little higher, in relation to the cost of a home, to justify purchase in most sections of the country; and the prices asked for old houses, which are now about 75% the prices of new ones, must be raised another 10% before realty economics urge new homes.

But not all workers' pay has gone for living. Along with the 45.3% rise in automobile sales, in the first half of the year, there are gains in home appliances, including 16% more refrigerators. The domestic electric power load has been boosted 7.4% by the installation of new kitchen and laundry devices.

Greatest evidence of industrial and business purchasing shows up in the

46.7% gain in machine-tool sales during the first half, but automobile truck sales are headed for a record on the strength of a 31.4% rise in the same period, and the volume is significantly in small trucks used by owners in their business, not for common carriers.

More Farm Dollars

Stock and crop outlook points to increased sales to farmer.

ANOTHER good year for the farmer and those who sell the farm market is signaled by midsummer conditions. With fingers crossed against the adversity of nature, the farmer looks forward to good crops and good prices, a combination rare in his hazardous enterprise. For those who sell the farmer the chances of a third year in a cycle of rising farm incomes means considerably more than the \$1 billion actual step-up anticipated. For 2 years the farmer has been mending fences, paying off debts, limiting his purchases to essentials. Meanwhile, his expenses have been cut, his mortgage refinanced, his land is once more appreciating in value. More of the dollars that reach his pocket this year will seem his own, will be spent a little more freely.

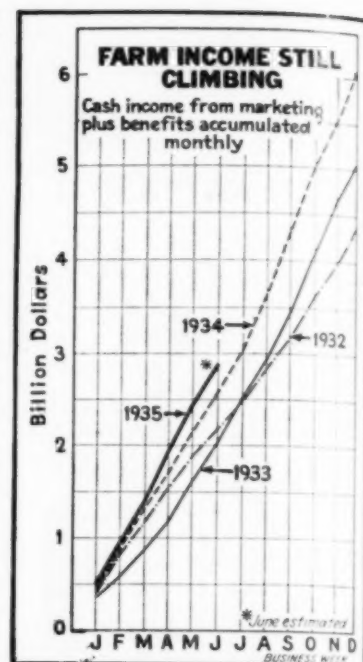
The July crop picture is good almost everywhere. There are weather hazards ahead, to be sure. Only a late frost will let a backward corn crop mature. But a good growing season is indicated which means heavy forage crops. Then the livestock population is down to where a moderate feed crop will go farther. Yields of all feed grains 9% below normal are anticipated and, combined with short farm stocks of old grain, indicated a shortage of about 15%. But animals and fowls to be fed are almost identically as far below normal. The hay crop is the best since 1929 and farmers who did not get corn planted up to their intentions are going in heavily for beans, peas, and grain sorghum.

There will be too much wheat, even should the threatened black rust invasion live up to its early threat in the Northwest spring belt, and plenty of domestic rye.

Money in the Garden

Truck, market produce, farm gardens, fruit crops (all except citrus) promise heavy yields and there will be money in them this year. Consumers who cannot afford meat are eating these other foods, and a nation that has had a nodding acquaintance with a food shortage will pack and can assiduously.

The farmers' day-to-day sources of cash income have been producing admirably. The weeding out of lame producers in the dairy herds has helped revenues in this department of farming. Production of milk is 12% higher than



a year ago although 5% less cows are being milked, and the farmers' income from dairying for the first 5 months of 1935 was \$94 millions or 21% higher than in the like 1934 period. Milk prices continue 10% higher than a year ago and butter is 15% higher despite its recent declines and the inroads of oleomargarine upon the market (page 10).

Poultry flocks are 6% to 8% smaller than a year ago (but are being rebuilt rapidly) and are laying more eggs. Egg prices are best for this season since 1929, almost 60% higher than a year ago. Income for poultry for the first 5 months was \$62 millions or 33% greater than a year ago.

Stock Again Profitable

For livestock, most important cash crop to most farmers, prices are all the traffic will bear. To get more for hogs and beef cattle, the consumers' buying power will have to pick up. Meanwhile, the balance between livestock population and feed supplies has been regained, stock raising is again profitable, and no early glut of the markets threatens. A spring pig crop 20% under last year's and 40% less than that of 1932 or 1933 indicates that hogs available for slaughtering over the next 15 months will be the smallest in 40 years. That will help sustain prices of cattle which are also 12% less numerous than a year ago.

The brightest spot, partly because of the contrast with several years of adversity, is in the Northwestern spring wheat belt, where almost 3 times the crop of last year is predicted. Even the Southwest, where 12 million acres of winter wheat was killed in the drought, is getting some compensation from good pastures and spring crops.

Fair Trade Law Troubles

While hosannas for the new price control panaceas still echo, the drug industry finds some fundamental questions on which there is fundamental disagreement.

ONCE again, dissension is the order of the day in the habitually war-torn drug industry. During the past few months, with the industry presenting a practically unbroken front in order to push fair trade laws through 9 state legislatures, it appeared as though the long-heralded millennium of stabilized prices and guaranteed profits was actually in sight. But Sunday school is over now, and as the job of putting into operation the new intrastate price maintenance machinery, modeled after California's 4-year-old law, looms ahead, manufacturers, wholesalers, chains, and independent retailers find themselves face to face once again with the hard realities of "who," "how," and "how much."

The Fervor Lasts

Of course, this time drug men have got religion as they have never had it before in 30 years of price control evangelization—thanks to the reasonably happy, common experience under the industry's NRA code with its dozen-lot cost provision—and this fervor may yet save the day. (Even the chains were converted when they saw how quickly the supermarkets scuttled the profitable

price structure after the Schechter decision.) But agreeing not to sell below cost is far different from signing a legal contract not to sell goods below a manufacturer's specified prices, such as is proposed under the state fair trade laws.

Major point of controversy now is what those contract prices should be. Independents are insisting that they should be set high enough to allow them a 33½% discount on the retail price. At the end of the third week of a nationwide poll, *Drug Topics* reports that 36.1% of the druggists specify this margin; 46.1% vote for mark-ups ranging from 28% to 50%. In these demands, retailers count on the support of wholesalers, who have been working with them hand-and-glove to promote the fair trade law cause.

Manufacturers and chain men, however, are not a little aghast. Such excessive markups, they maintain, would encounter consumer resistance and result in sharp volume slumps, particularly on the fast-moving proprietary articles.

Any way they look at it, manufacturers see they are in a tough spot. If they meet the independents' price de-

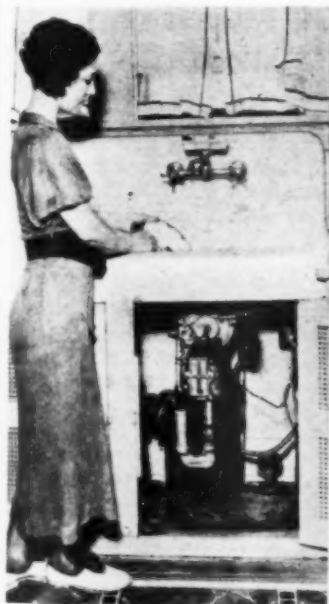
mands they automatically invite increased competition from the private brands of chains, mail-order houses, and department stores. If, individually, they fail to make retailers' dreams come true, their products will be subjected to ruinous retaliation via the switching route.

More or less sweated into the cheering section a few months back, manufacturers are now somewhat less enthusiastic about the whole proposition, are convinced that they must take a firm, united stand on this price question if they are to stem the retailers' rush to power and keep the situation under control. Hence, it is reported that at a meeting in New York City last week, they talked turkey to representatives of the New York State retail association, forced them to be content with the promise of a mere 21% markup.

Piper's Wages High

Manufacturers feel that their right to call the tunes follows logically enough from the fact that they are the ones who will have to pay the piper. And those wages they realize will run into good round figures, for the control structure which must be established under the various laws is inherently expensive.

Essentially, a state fair trade law is a device for getting around the FTC prosecutions which have inevitably attended attempts on the part of such manufacturers as Bristol-Myers and Armand to meet the demand for price maintenance by issuing dealer contracts which implied refusal to sell to price-



International News



Arms



Business Week

SCIENCE DEALS WITH GARBAGE, GAS, AND GLASS—Three new inventions for everyday use come almost simultaneously from the laboratory. General Electric's garbage grinder (left) disposes of kitchen refuse with a minimum of nuisance, a maximum of sanitation; when attached to a drain pipe, it empties shredded waste directly into sewers. Solid gasoline is the discovery of Dr. Adolph Prussin (center, left) of New York University (page 14). When Clyde Pangborn, aviator and part owner of the new product, fired 4 bullets into a can full of it, "Solene" proved it was non-explosive, even hard to ignite. Libbey-Owens-Ford tempered glass (right) demonstrates its pliable, almost shatter-proof qualities by sustaining 350 lb. of feminine pulchritude.

cutters. By confining the stabilization program to state boundaries, keeping all contractual relations purely intrastate in character, exponents hope to avoid further federal court trouble. This means that the manufacturer must qualify as a domestic producer under each of the several state fair trade laws.

Separate Incorporation Costly

To "domesticate" he can either incorporate separately in each state or he can appoint a wholesaler in each state to include his products (at prices which the manufacturer may suggest and the wholesaler can specify) in wholesaler-retailer contracts. Because of the prohibitive cost of incorporating separately in California, Washington, Oregon, Pennsylvania, Wisconsin, New Jersey, New York, Iowa, Maryland, Illinois, and probably Alabama—not to mention the other 37, most of which, retailers hope, will enact fair trade laws when their legislatures are next in session—the second alternative is likely to be more widely adopted. To many manufacturers, this omnibus contract idea is only a little less unpalatable, for they fear it means surrendering their whole business into the hands of the wholesaler and adding to distribution costs.

To reduce the threat of costly legal challenge, every effort is being made to eliminate the bugs in the contract machinery. When the first state laws came through this spring a number of manufacturers who had found operation profitable under the California law immediately took steps to "domesticate" and to sign retailers on the dotted line. A wide variety of documents resulted. Now, determined efforts are being made to standardize the 3 types of forms: manufacturer-retailer, wholesaler-retailer, and manufacturer-wholesaler. A committee composed of representatives of the National Chain Drug Store Association, the New York State Board of Pharmacy, the New York State Pharmaceutical Association, and the National Wholesale Druggists Association is taking the lead in this drive.

Debate Penalty Clauses

One critical provision on which there is a wide divergence of opinion is the penalty clause. The Bourjois contract, which has already been signed by many New Jersey druggists but which, like others, may soon be superseded by some model document, seeks to exact for violation a \$50 fine plus 10% of the value of all Bourjois goods sold below specified prices. Latest version of the model form recommends only a \$25 fine. Such penalties added to loss of distributor rights, other trade interests argue, increase the fervor of opposition.

Biggest legal hurdle set up by the several laws themselves is the common provision which seeks to compel statewide adherence to contract price schedules—even on the part of non-signa-

tories. It is provided that the offering of goods at cut prices "whether the person is or is not party to such contract, is unfair competition and is actionable at the suit of any person damaged thereby." Despite their intrastate character, such broad clauses as these may eventually drag the state fair trade laws up to the United States Supreme Court.

Fear of federal action was somewhat lessened last week with the announcement that the Federal Trade Commission in its new rôle as industrial arbiter would undertake to sanction fair trade agreements in the drug industry. Satisfaction over this decision stems not from a hope that FTC will thus actively promote price stabilization but rather from the implication that FTC will not aggressively attempt to upset the precarious plans which the drug industry is building under the state fair trade laws.

Meanwhile, manufacturers in other industries—specifically the food men—are skeptically holding back until they

see how the state contract idea functions. Drug men have no monopoly on the state fair trade laws, but these are pretty much their baby and other manufacturers prefer to see how that industry bears up under the burden of paternity.

Oleo Scares Butter

Sales of substitute remain high despite drop in butter prices.

CONSUMPTION of oleomargarine in this country for the first half of 1935 was double that of the corresponding period last year. Butter producers are shocked. They were not surprised when the early months of this year showed a rapid increase in use of butter substitutes. Oleomargarine always goes on a rampage when butter prices are high, but now butter has gone down 15¢ from April and oleomargarine consumption still keeps up. Furthermore, the current price spread in retail stores between a pound of butter at 30¢ or less and 2 pounds of oleo at about 25¢ is still sufficiently wide to keep a good many people eating the vegetable-oil substitute.

In the old days the housewife didn't balk at butter prices until they crossed 55¢ per lb. at the corner store and neared the 60¢ mark. This year it was different. At 40¢ there was noticeable hesitation in butter buying and some consumers started to slide over into the substitute column. Now, with the drop to around 30¢, they should be coming back, but they aren't. The butter-makers are worried for fear the consumers haven't noticed that the price of butter is down. They are worried also for fear some buyers have just dropped into the habit of oleo and will have to be won back all over again.

Tax Remedies Proposed

In Washington, Representative Kleberg introduced a bill to tax all oleomargarine when it is made from foreign ingredients, but the National Cooperative Milk Producers Federation said this was not solving the problem, was merely handicapping the coconut oil oleo in favor of the cottonseed oil and other kinds of domestic oleo. The federation suggests a straight 5¢ tax on all oleomargarine to narrow the price spread and give the farmers a chance.

There is a special urge right now to sell as much butter as possible. The great drought is over. Pastures are lush again and milk production is increasing. Feed crops are abundant, and feed promises to be cheap. The butter make is climbing. Cold storage stocks are 20 million lb. greater than last year at this time, and further increases loom ahead. Dairy people don't want the problem settled by a relapse to conditions of 1932, when almost anyone could afford butter at barely 20¢ per lb.



LOTTERY ANGELS—Mrs. Oliver Harriman, president of the Conference on Legalizing Lotteries, and Congressman Edward A. Kenney beam into a future which they hope will allow sweepstakes to lift the charity burden from American taxpayers. First big hurdle is a threatened ban on the Conference's \$20,000 prize contest to find a fitting slogan for Howard Chandler Christy's poster glorifying the alliance between chance and mischance. Police are trying to decide whether the contest violates lottery laws.

Sa
NOTE
could a
just el
been h
Tresth
of reser
experim
son for
Lancet
of the m
never-e
ways
ALL
A has
efforts
himself
Today—
"tough
For c
ans ca
across
... sh
landma
os whi
against
eclonic
son siz
Mode
machine
impro
But the
scorch
not chan
When
went into
went th
were sen
with the
condition
ties.
On the
fee and
drivers w
as 15 and
C
© 1935

Sands Burned and Sun Blazed on the Desert Road to Fez Tires had to Take it!...And They Did...And They Do



NOTE—Neither luck nor accident could account for the fact that for the past eleven years more tons have been hauled on Goodyear Truck Tires than on any other kind. Years of research, experiment and practical experience won this dominant position for Goodyear. Constant vigilance holds it. This page recalls one of the many gripping episodes in the never-ending Goodyear quest for ways to build better truck tires.

ALL down the ages Africa has fought back the efforts of man to transport himself and his goods . . . Today—most of Africa is still "tough going".

For centuries camel caravans careened perilously across arid desert stretches . . . shifting sands erased landmarks . . . searing siroccos whirled their sandblasts against the traveller with cyclonic force . . . by day the sun sizzled.

Modern methods and machines have gone far in the improvement of transport. But the smoldering sun, the scorching Sahara—they do not change.

When trucks and busses went into Morocco, Goodyear went there, too. Engineers were sent from Akron to live with the tires. Here were new conditions—new demands on tires.

On the bus run between Fez and Oudjda, 225 miles, drivers were having as many as 15 and 20 blowouts a trip—

even with Goodyears they would have 8 to 10 . . . Before changing a tire the drivers had to wrap their hands and arms in burlap, the tires were so hot.

Thermometers at 125° . . . sun blazing aloft . . . and an inferno of flexing heat set up inside the tires from the pounding of huge overloads at high speeds. It was not unusual for thirty natives to pack themselves into a 21-passenger bus and then load two tons of baggage and additional natives on top. And 50 to 55 miles an hour was required speed.

Treads softened by the heat were easy prey for the sharp, flint edges of the broken lava-rock roadbed. Whole swatches of rubber would be gouged out of tread or sidewall . . . Beads broke down under the swaying of high overloads on the hairpin turns in the Atlas Mountain foothills.

The engineers might have written a long report to the factory and then gone on . . . The Goodyear men stayed—weeks, months, years. They worked out beads strong enough for the high swaying loads. They found out what

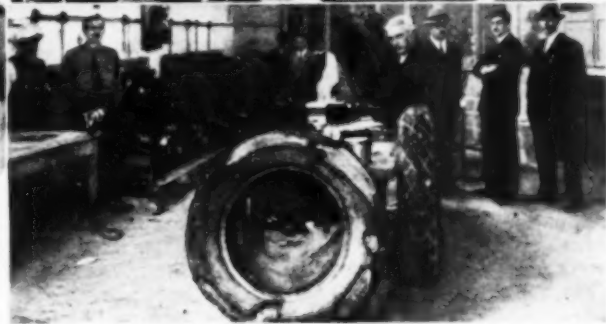


Photo shows scene in garage of Compagnie Transport Marocain at Casablanca, headquarters for that company's bus lines in Morocco. Note how huge swatches were gouged out of tire treads and sidewalls by the jagged silex roadbed. With its engineers on the ground, Goodyear was able to build tires to withstand this punishment.

compounds would best combat the terrific heat set up inside the tires—what compound in tread rubber would withstand the knife thrusts of the silex roads.

★ ★ ★

Tough jobs, simple jobs—Goodyear builds just the right tire, whether it's for a bus line in Morocco or a florist's half-ton in Ft. Wayne . . . Goodyear knows how. This hard-won experience has been piling up since the Goodyear Wingfoot Express, back in 1917 and 1918, demonstrated to the world that pneumatic truck tires were practical. Still you pay no premium for Goodyear.

★ ★ ★

More tons are hauled on Goodyear Truck Tires than on any other kind.

. . . and Today

Goodyear Truck Tires give you:

1. Freedom from Blow-out
2. Long, Even Tread Wear
3. Positive Traction
4. Longer Tire Life

You get those four superiorities because only Goodyear gives you all these features: 1. Patented pre-shrunk Super Twist Cord. 2. All-weather tread. 3. Chemically toughened body rubber. 4. Improved bead. 5. Wide, flatter tread shape. 6. Pima cotton, longest fiber grown.

No other company builds as many truck tires as Goodyear.

No other company builds as complete a line of types and sizes.

Goodyear builds just the right tire for every job—for every purse.

GOOD YEAR TRUCK AND BUS TIRES MONEY SAVERS

© The Goodyear Tire & Rubber Co., Inc., Akron, Ohio



BRIGGS BIDS FOR NEW BUSINESS—New bathroom and kitchen equipment, designed after years of extensive and expensive research by the Briggs Manufacturing Co. (automobile body builders) to round out its production schedule, makes its bow at the Master Plumbers' show in Chicago. Most notable feature—the movable round electric stove (right) which permits cooking from any angle.

Chicago Goes After Buyers

Wholesalers' promotion plans take place of "Century" in bringing retailers to Chicago.

CHICAGO wholesalers, with a hangover from the Century of Progress, are getting together to keep the crowds coming to their market—particularly crowds of retail buyers—and are showing results from an aggressive promotion job.

The 2 furniture shows, in the American Furniture Mart and Merchandise Mart, which end a 2-week exhibit today (July 20) beat previous records for registration. Buying was strong and consistent. Maintenance of furniture price advances running from 3% to 10% is indicative of the demand.

Organized Job

However, organized effort to bring buyers to Chicago is to reach new heights in the wholesale market's fall opening, July 30-Aug. 10. This event, sponsored by the Chicago Association of Commerce, will, for the first time, extend over a 2-week period. Hub of this promotion is to be the 28th semi-annual convention of the Interstate Merchants Council, which itself draws buyers from more than 7,000 stores.

To be held simultaneously in leading hotels are style, gift, variety, house furnishings and electrical appliance, glassware, china and pottery, toy and wash-frock, children's and infants' wear shows. Advance reservations indicate a registration of more than 28,000 buyers, a new top in Chicago merchandising history and a 20% gain over the previous semi-annual convention of Interstate Merchants Council.

New on the list is to be a merchandise fair, attraction for buyers from 5c-to-\$1 stores and variety chains. The style show of last February drew 10,828 apparel

buyers in 4 nights; advance registrations this time indicate an attendance 18% to 25% larger. For merchants who want to learn new tricks in merchandising there is to be a sales promotion conference. Paul Kunning, trade promotion director of the Association of Commerce, is a moving spirit in the Council.

A new cooperative feature now meeting the approval of retailers is the Chicago Market Transportation Association, which reimburses out-of-town merchants for transportation expenses, providing purchases are made from members. (St. Louis and Baltimore tried out the idea; NRA kicked it out for the code era.)

The out-of-town buyer, whether he travels by train, bus, automobile, or airplane, is repaid round-trip fare on basis of best prevailing rail rate in effect, but not exceeding 1½% of orders placed while in the market and shipped within 30 days. Purchases during any one market trip must aggregate \$750.

Directing this business-getter are J. T. Pirie, Jr., director of sales of Carson Pirie Scott & Co., wholesale; Roy M. Henry, sales manager of Butler Brothers; and R. T. Graham, credit manager of Marshall Field & Co., wholesale—the Big 3 in the Chicago wholesale trade. Mr. Pirie also is chairman of the domestic commerce committee of the Chicago Association of Commerce, which is pushing trade expansion movements.

Another trade stimulator just adopted is an express consolidating and forwarding service, effecting savings up to 50% to out-of-town merchants diversifying purchases but wanting speedy delivery. Packages are sent to an agency for con-

solidating into larger shipments. Retailers have taken readily to this idea although it is still in an experimental stage.

Marshall Field's air-conditioned merchandise express (BW—Jun 29 '35) has made Southern merchants buy-in-Chicago-conscious in a 30-day journey through the Mississippi River valley, just ending. Sales aboard have averaged \$100,000 weekly, considerably above expectations; large numbers of new accounts have been opened and way paved for future increased business.

Competitors may not be too happy but they admit the idea has helped create new interest in Chicago as a wholesale market. For this, they give credit to H. R. Boggs, assistant general sales manager of Field's wholesale. (Incidentally, Duluth reminds Chicago the Kelley-How-Thomson Co. of the Minnesota city pioneered the "merchandise train" idea in 1933, sent 9 cars of goods through its trading area in that year, repeated with a 15-car train last January.)

Chicago is convinced that it is on its way to best wholesale trade since 1920 when 6,702 firms did a \$5,870 millions turnover, second only to New York's \$15,631 millions and two and one-half times Boston's \$2,357 millions, which ranked third. Last year, 5,845 Chicago wholesale establishments did a \$3,750 millions gross; they hope to do \$4,800 millions in 1935.

Court Bars Price Cut

Chicago independent cleaners and dyers hit by injunction.

MINIMUM garment-cleaning rates have again been established in Chicago by court injunction—90¢ for work called for and delivered; 75¢ for cash-and-

The Magic of Metal

Your Message Means More on Reynolds Metal . . . Labels, Bottle-caps, Cartons, Bags and Wrappers Made of Reynolds Metal Clear Shelves and Increase Sales . . . Easy to Print on, Takes Full Colorgravure with Perfect Results.

IN THE first beauty contest ever held, with Juno, Minerva, and Venus as the only entrants, the prize was a golden apple. If you remember, Paris awarded it to Venus, and incidentally started the Trojan War, goddesses being merely mortal when their beauty is overlooked.

The fleece that got Jason into hot water for the rest of his life was a golden fleece.

One thing only, as everybody knows, could defeat a sorcerer. You had to shoot him with a silver bullet, for the magic of precious metal cannot be denied.

When Francis the First wanted to convince Henry the Eighth of the power and majesty of France, he met him on the Field of the Cloth of Gold.

What of it, you say? Just this. Ever since primitive man came down out of his tree and began to dig into the earth, the flash . . . the gloss . . . the burnished sheen of metal have exerted on all of us a very powerful attraction. Gold . . . silver . . . copper . . . aluminum . . . draw our eyes . . . command our attention . . . make us put forth our eager hands . . . to touch . . . to fondle . . . to keep.

We call an expert witness to the stand, one William Shakespeare, whose acquaintance with the

motives of human conduct stands unrivaled. In Henry the Fourth, Part I, Act I, Scene 2, Prince Hal says:



And like bright metal on a sullen ground . . . Shall show more goodly and attract more eyes Than that which hath no foil to set it off.

A label, a bottle-cap, or a carton made of Reynolds Metal summons to action this ancient human impulse . . . harnesses it to your advantage . . . clears shelves and increases sales. Reynolds Metal comes in all colors, embossed or plain. It can reproduce the lure of gold, of silver . . . of any metal you can name. It can be backed with any paper and will take any printing process without creating special problems. Full colorgravure gives perfect results. Your packaging or bag-making machines will take it just as they take paper or cardboard.

Any good printer can achieve fine results on Reynolds Metal. In any case, our Packaging Division is always ready to co-operate fully with yours.



Advertisement

We are proud of the results our clients are getting with Reynolds Metal and we show you a few of them. But there is

more to the story of Reynolds Metal than its display-value.

Its high insulating efficiency makes it invaluable for the protection of food, of tobacco, of organic products in general. By shutting out light, it bars



the major cause of rancidity and staleness. By preventing moisture-loss or moisture-gain, it seals in the flavor. Original freshness is thereby retained indefinitely.

Better than any flexible material we know, it prevents sogginess, excessive dryness, spoiling. . . In short, Reynolds Metal preserves your product in a state of absolute factory-freshness.



Any one with packaging problems should not fail to investigate Reynolds Metal. We stand ready to submit proofs

of its efficiency and its low cost. Actual results attained by other manufacturers in increasing sales and reducing spoilage will convince you. A letter will bring you full information, and several highly interesting booklets. Or come see our Packaging Laboratory and Package-Designing Department. Reynolds Metals Co., 19 Rector St., New York.



SALES DEMONSTRATION—Dr. Frank B. Jewett (right), president, Bell Telephone Laboratories, explains to the Federal Communications Commission how the new coaxial cable functions in transmitting simultaneously 240 telephone messages or 2,400 telegraph messages; its ability to handle rapid impulses makes good television transmission possible. Result of the sales talk: A.T.&T. wins the right to construct an experimental line between New York and Philadelphia.

carry trade. A permanent injunction against 23 independents by Circuit Judge Benjamin P. Epstein comes as a victory for the Cleaning & Dyeing Plant Owners' Association of Chicago, which has long fought against cut-rate outfits. The defendants will appeal.

George S. Lavin, lawyer for the association, says this "is the first time the members of the cleaning-and-dyeing industry have appealed to the courts for redress, rather than to men like Murray Humphreys and Al Capone."

Safe, Solid "Gas"

Solene won't explode or flame up. Works well in test-engine, but will it produce speed at low cost?

RECENT tests of a solid, non-explosive, and naturally non-inflammable gasoline are interesting to the petroleum and automotive industries and to manufacturers of airplanes, motorboats, and engines. But they are not convinced that the safe new fuel can operate engines as effectively as liquid gasoline.

Solid gasoline is nothing new. Experimenters have been working at it and with it for more than a quarter of a century, and upward of 200 patents have been granted. Dr. Adolph Prussin of New York, a research chemist, has plugged away at this task since 1919. Now he has brought his product, named Solene, into public view. He tested it at the Daniel Guggenheim School of Aeronautics, of New York University. Solene was placed over a Bunsen burner. It did not burn. Four incendiary bullets were fired into a 5-gallon can of it from a distance of 25 ft. It did not explode. It is safe. That seems definitely proved.

But how efficient is it? Used to operate a one-cylinder test-engine, it produced 2.26 hp. at 1,085 r.p.m., consuming 0.71 lb. per hp. per hour, as against a production of 2.41 hp. at 1,125 r.p.m. by liquid gasoline, of which 0.92 lb. per hp. was consumed per hour. However, solene is not expected to permit a considerable saving in fuel-cost when it is used in larger engines.

Dr. Alexander Klemin, director of the Guggenheim school, declares that this pinkish, jelly-like stuff will eliminate the need for carburetors in gasoline motors. It will have special value in war, he thinks, for planes using solene could keep operating although gas tanks were punctured by bullets.

The inventor, Dr. Prussin, says that when solene is ready for mass production he expects it to be used in automobiles, but that its special use and advantage will be in airplanes and motor boats to eliminate the fire hazard.

However, tests of a different kind will be necessary before solene receives general acceptance. It must be tested in water and in the air. Makers of airplanes and airplane engines want to know how it will perform at altitude. They hope it will produce the same power and economy as fluid gasoline. In war the most efficient fuel will be used, even if it is somewhat dangerous to the user.

Aluminum on Steel

New process used to provide substitute for tinplate.

TINPLATE may soon have an active competitor in many of its uses. Prof. Colin Garfield Fink, head of the division of

electrochemistry of Columbia University and secretary of the Electrochemical Society of the United States, has found considerable financial backing for his process of coating steel sheets with aluminum, a problem on which scientists have been working for some time without arriving at conclusively practical results. Professor Fink's process has now been approved by a large American company (neither a steel nor an aluminum producer), which may acquire the American rights. A German company, which has been interested in another process of achieving the same result, may abandon it in favor of the Columbia scientist's method.

Professor Fink's coating is said to be resistant to acids, so that it can be used in food containers. These will not be soldered; instead, an airtight seal will be used. The product is said to be appreciably cheaper than tinplate. As it is ductile, it may be used in automobiles and airplanes, and a wide application in the manufacture of sheets, rods, bars, and shapes is expected. In some cases, it may prove a substitute for aluminum.

Jones to Odlum

Investment trust takes Utilities Power & Light interest off RFC's hands—"temporarily."

It was presumed, in March, 1935, when RFC foreclosed on a \$2-million loan which Webster Securities had with the defunct Central Republic Bank of Chicago and which was subsequently turned over to RFC among other collateral for the famous \$90-million loan to the Dawes bank, that the Jesse Jones boys had got hold of working control, through Webster and Public Utilities Securities Corp., of Utilities Power & Light Corp., thus entering the utility game on a really big scale and wresting the sprawling utility setup from the colorful Harley L. Clarke (*BNW*—Mar 23'35).

That such was not the case became definitely apparent this week when Jesse Jones disclosed that he had made a deal with Floyd Odlum, the works of Atlas Corp., whereby RFC accepted Utilities Power & Light Corp. 5% debentures in the principal amount of the defaulted Webster notes plus accrued interest and turned over the notes and collateral to Atlas, including the entire common stock and voting interest of Public Utilities Securities Corp. which, in turn, meant a half million shares of Utilities Power & Light Corp. B stock, or an amount that was looked upon as constituting working control of the latter company, but which, it developed, was not.

RFC packed a lot of action in its 4 months' domination of the utility sys-

tem. When it came into possession of Public Utilities Securities it cleaned house thoroughly and elected its own slate of directors. Subsequently it undertook to form a voting trust to consolidate control of Utilities Power & Light, the real plum, but a holder of preferred stock, Norman C. Norman, blocked this move and requested a receiver. The court took charge and both Public Utilities Securities and Webster Securities are now under court jurisdiction under 77-B.

No Management Aims

Resignation of all RFC directors of Public Utilities Securities took place upon consummation of the deal with Atlas. But Atlas is not interested in control of the operating company at the bottom of the Clarke pyramid. Odium announced that the purchase from RFC of the Webster notes was a temporary investment, that the big investment trust would take no active part in management. Thereupon he took wings, heading west for Utah to ride and swim on one of his rare vacations. His return to business is indefinite. What disposal Atlas will make of its big chunk of influence in the Harley Clarke companies that reach into 3 countries is necessarily unknown.

Machine Tool Show

First exposition in 6 years will be held in Cleveland to sell improved products of our key industry.

DURING periods of stress and distress production lags, but progress in cost-saving machines hits a faster pace. The last national machine tool show was in 1929. Improvement in materials and design during the 5 showless years is said to surpass developments of the 2 preceding decades. A cumulative total of results will be displayed at the 1935 Machine Tool Show to be held in Cleveland Sept. 11-21. Recent increases in sales easily assure the exposition's success.

Announcement of the event was made in Cleveland on Tuesday by Herman H. Lind, general manager of the National Machine Tool Builders' Association. It will sponsor the exhibition. The show is advertised as the largest industrial exposition ever held in this country. Five acres of floor space in the Cleveland Auditorium and Annex will be occupied. One hundred association members and an equal number of accessory manufacturers have reserved space. The newest and most efficient products will be shown in actual operation—most convincing method of display for the mechanical executives, engineers, bankers, others concerned with machine tool purchase for American industry.



Don't let inertia encumber your business

BUSINESS philosophy associates "inertia" with the ever-debatable policy of "Let well enough alone." Too often this inertia is the result of a groundless fear of upsetting routine, changing specifications and inspection standards, resetting machines, recasting work sheets, ironing out new processing kinks . . . temporarily slowing up production.

But you, at the helm of your business or sales department, have the far more important problems of competition—of consumer acceptance—of keeping ahead of your commercial world. You see most clearly the dangers of inertia in your business viewpoint. On you, as on your production men, rests the responsibility for Progress in both raw material and product.

Steel—together with iron—is the basic raw material of American business. Admirable as are many of the more familiar alloying elements for giving steel this or that added quality, inertia threatens when executive, engineer and production manager are "entirely satisfied" and content to ignore the metallurgical progress still being made in alloyed steels. In fact, the past ten years have witnessed some of the greatest advances in their history . . . with Molybdenum steels probably outranking all others.

"Moly" not only improves ordinary carbon steel, but actually increases other elements' effectiveness for their particular purposes. This has been proved, times beyond record, in the laboratory, foundry, factory and under every manner of punishing service conditions. Greater strength, toughness, shock resistance, less temper embrittlement, easier machinability, and many other improvements are present in Moly steels and irons. Yet, while bettering the product, Moly seldom adds to the ultimate costs—usually reduces them.

As a business executive or associate, you will want a brief, non-technical exposition of Moly—perhaps as a first step in eradicating symptoms of "inertia" in your own organization. A simple request brings to you our new illustrated brochure entitled "The A-B-C of Better Iron and Steel." . . . Climax Molybdenum Company, 500 Fifth Avenue, New York City.

MOLY

INDUSTRY'S MOST MODERN AND VERSATILE ALLOY



METERED PARKING—Residents of Oklahoma City examine the new system of revenue-raising evolved by the city fathers—a tax on parking. Meters are being installed rapidly at 20-ft. intervals along streets in business district. Length of time for which the motorist can park for a nickel is indicated on the meter; it varies from 15 minutes to an hour, depending on congestion. When coin is deposited a red flag is raised; when time is up it drops. Early court tests are threatened.

Motor Tool-up Makes Business

Stimulus of car-makers' buying for new-model season, advanced to fall months, is felt by many industries.

HAVING hardly caught its breath after climbing 37% in production and 45% in passenger car sales during the first 6 months of 1935, compared with the same period a year ago, the automobile industry is plunging into preparations for 1936.

While assemblies of current models continue in good volume this month, Detroit is seeing the unusual spectacle of tool and die shops busy and orders being placed for new parts, materials, and equipment in midsummer. Most companies will suspend operations only briefly next month, will swing into the building of new models in September. A few "early birds" will be in production during August.

Early Show Responsible

This haste is due to the experiment this year of introducing annual change; in the fall, a plan to which the Automobile Manufacturers Association committed itself early in the spring. The New York show, traditionally a January event, will be held Nov. 2-9, to be followed immediately by local shows.

From a depression low of 1.4 million cars in 1932, car assemblies have risen steadily each year to an estimated 3.6 millions in 1935. Makers foresee no halt in the upward dash next year, are preparing to handle a larger volume of

business. At the same time they are spending money for modern equipment to cut costs as well as to increase capacity.

Plymouth is making an outlay of \$1 million to rehabilitate 2 idle Chrysler factories at Evansville, Ind., as a branch assembly plant; Briggs Mfg. Co. is to establish a factory nearby to furnish bodies, using the former Graham-Paige works. Supplementing production at Plymouth's Detroit and Los Angeles factories, the Evansville plant will serve the South and Southwest. Plymouth is building 4 additions to its Detroit plant, raising capacity to 2,400 units a day.

Pontiac and Oldsmobile, already having surpassed production and sales for all of 1934, are each enlarging their facilities. Fisher Body is paralleling this expansion at Pontiac and Lansing, as well as elsewhere. Chevrolet is spending huge sums for new equipment and tooling at Detroit, Flint, Saginaw, Bay City, and Muncie, Ind. Its outlay at Detroit alone is estimated at \$5 millions, of which \$1.5 millions is for machine tools. Service parts will be made hereafter at Saginaw, where Chevrolet recently acquired the former General Motors crankshaft plant. Ford is completing a far-reaching program enabling it to build 5,000 units in 16 hours at its Rouge works, has poured out large sums for

equipment to increase production in England and France. Lincoln has been retooling as it prepares to launch a lower-priced V-12.

Some of the current tooling programs are inspired partly by the desire to diversify production, thus eliminating bottlenecks in case of labor trouble. Although labor in southern Michigan momentarily is quiet, some car makers are avoiding risks by having important die work done in the East. What with the A. F. of L. calling a convention in Detroit late in August to set up its newly-chartered international Automobile Workers Union and Father Coughlin promising to rally workers to the standards of his new union at a mass meeting on Labor Day, the industry is not too happy about the labor outlook.

Parts Contracts Placed

Stimulus of 1936 buying already is being felt by allied industries. Parts contracts have mostly been placed. Among outstanding orders: Edward G. Budd will supply frames to Chevrolet plants in the East and on the Pacific Coast; Midland Steel Products Co. has a \$6-million frame contract from Chrysler Corp. Steel mills, kept busy until recently by automotive tonnage, are now receiving initial orders for 1936 requirements, should be well engaged by mid-August particularly in flat-rolled products.

Incidentally Ford, inquiring for 90,000 tons of steel, precipitated the first major price test since the steel code was abandoned. Payment of fictitious freight on steel made at Detroit has long been a sore point. Ford wants to purchase Detroit-made steel at a Detroit base price equivalent to the Pittsburgh base price, since the cost of making the steel is much the same in both cities. He also wants to buy steel f.o.b. at such lake ports as Buffalo and Cleveland at the base price there, and transport it to Detroit in Ford boats.

Nash has announced its 1936 LaFayette, featuring a steel top, hydraulic brakes, relocation of engine farther forward, roomier body, more power. Prices, beginning at \$15 higher than 1935 models, are in approximately the same range. Most companies, however, are not expected to rush new model introductions, which can be made from Aug. 1 to Nov. 30 under the fall announcement plan. A few will come in September, more of them in October, many not until around show time.

No Big Line Changes

No upset is anticipated in the present line-up of sixes and eights, or in price coverage by individual manufacturers, with the exception of Lincoln's promised 12. Talk about a \$300-\$350 full-sized car for next year is nothing more than talk. There are too many obstacles blocking the manufacture of such a car, not the least of the worries being its effect on the used-car market.

Coast Financing

California banks move into automobile finance field.

AGGRESSIVE activity of 3 major Pacific Coast banks, with a total of more than 600 branches, in the automobile finance field is affecting the whole set-up of the business in that area. Old-line finance firms, already looking askance at the success of the Anglo-California National Bank of San Francisco in their field, are watching 2 new and powerful entrants, Bank of America (500 branches in 258 California communities and an affiliated bank in Portland, Ore.) and American Trust Co. (98 branches in California). At present, the 2 are busy forming organizations of specialists, educating their branch officers in procedure, and devising advertising campaigns which will stress "lower rates" and "no hidden charges." Many banks in Pacific Coast cities where the 3 major institutions do not operate are planning similar activity.

Finance Companies' Defense

Automobile finance companies in Los Angeles, heretofore without bank competition, are preparing to combat Bank of America, which will do business through its 65 branches in that city. Weapons include rate reductions (one has occurred already in the San Francisco area) and campaigns of education among automobile dealers, similar to that outlined by the National Association of Sales Finance Companies (BW—May 11 '35), attempting to show what the bank plans will cost the customer, including insurance at manual rates, and, for comparison, what the finance companies' plans cost.

Like banks in other parts of the country that have entered the field, the Pacific Coast institutions will specialize in direct-to-customer business, although at present, to gain volume, they are going after dealer business aggressively. Their plans and procedure are substantially alike and follow the pattern of the Commonwealth-Commercial State Bank of Detroit (BW—Apr 6 '35).

Banks Cutting In

Some idea of the extent to which banks are cutting into the automobile finance pie can be gained from the fact that they are handling 25% of the total business in the San Francisco area. Anglo-California, with 17 years' experience in the field, and leading all automobile finance firms in the area for volume, has experienced a 100% increase in business in the last 12 months.

While bank officials predict they will be handling 70% of the business in the 5 Pacific Coast states by 1940, old-line companies believe most banks will be stopped by the cost of the organization of specialists they will eventually find necessary.



OPEN YOUR DOOR

to this man . . . He offers you

"TAX REPEAL" . . .

To most industrial plants today, equipment salesmen offer the means of reducing one of the heaviest of all taxes—the "tax" imposed on profits by inefficient, outmoded equipment.

Take fans and blowers, for instance. Some 53% of those now in use, according to reliable estimates, have reached the stage where they could be replaced by newer designs that would quickly pay for themselves out of savings—and leave a surplus.

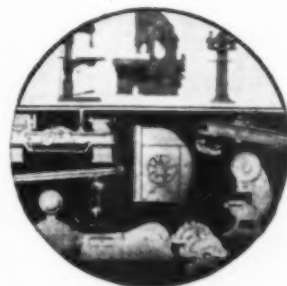
Many such replacements, long postponed, could now be made to good advantage. A thorough discussion with key men on your own operating staff and with machinery representatives costs nothing. The savings possibilities are too important to overlook.

R 52055



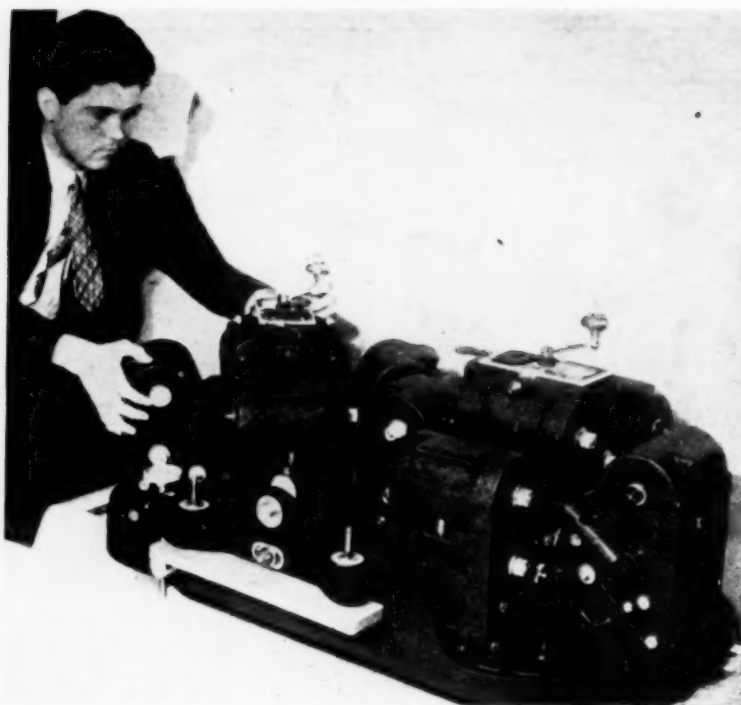
Westinghouse cooperates with the manufacturers of machinery and their customers in the design and application of improved electric drive for every industry.

Westinghouse



THE "OBsolescence TAX"

The dark portion of the circle indicates the percentage of equipment in American industry which is estimated to be more expensive to operate than to replace. The recent Machinery and Allied Products Institute Report shows 18½ billion dollars worth of equipment needed by industry. At an average net saving of only 10 per cent by new equipment, the cost per year of obsolete equipment is nearly 2 billions.



700 SQUARE MILES AT A SHOT—At 30,000 ft., with a single, simultaneous click of its 10 shutters, this compound aerial camera, developed by the Fairchild Aviation Corp., can map an area larger than all New York City. First assignment: photographing central New Mexico for the Soil Conservation Service.

\$91 Millions to Regain Paradise

Tugwell's Resettlement Administration plans to spend that much this year to put down the devil in rural America—and in rural Americans.

REX TUGWELL'S ambition to give direction to the economic forces which are playing hob with rural America is blossoming into a program for spending \$91 millions by Dec. 31. This is only the beginning. The Resettlement Administration does not expect that its plans will produce significant results inside of 10 years. Twenty years, yes. Morris Cooke, of the Rural Electrification Administration and a brother administrator of Tugwell's, prophesies that unless control over soil erosion and other destructive forces is established by 1955 the country will go to the bow-wows.

Human Conservation, Too

Tugwell's organization is concerned, however, not only with conservation of natural resources—land, forests, and water—but with the conservation of human beings. A paradise regained, even though the RA is not interested in the salvation of souls.

In its attack against soil erosion, stream pollution, the destruction of forests, and of crops (by insects), the Resettlement Administration will have

the cooperation of the Biological Survey, Soil Erosion Service, Forest Service, and other agencies of which Mr. Tugwell, as Undersecretary of Agriculture, is boss. RA's particular job concerns the rehabilitation of farm families which are not now self-sustaining.

This task was inherited from FERA, and 300,000 families will receive grants and loans for food, clothing, livestock, farm equipment and supplies, repairs and taxes. The Resettlement Administration also has taken over AAA's plan for retiring submarginal land from cultivation. Unless the \$91-million program slips up, 50,000 families will eat Christmas dinner in new homes on better land. The acres which they leave behind will be used for forestation, wild life and game preserves, parks.

Building "a Chinese wall" against erosion is child's play compared to the political problem of what to do with the people now eking out a living on such devastated land. It is aggravated by the fact that during the depression, the exodus from the cities didn't go back to good farm land but to some of the very

worst. The result is that more people than ever are trying to support life on land that can't bear the burden without expenditure of an enormous amount of labor and capital.

Relocation of people with relation to agricultural resources is simple in objective but, as a Tugwell henchman remarked, it's such a darn big country and human beings are so contrary. This statement of the problem gives rise to another interpretation.

Lesson from History

"Most of the inhabitants of exhausted land seem to be the least ingenious or industrious in calling to their assistance system and experiment, although they stand most in need of them. Their spirits, and consequently their exertions, seem to fail them and to be exhausted in proportion to the degrees of impoverishment attending their soil."

This might be Dr. Tugwell talking to the graduating class of the University of New Mexico last month but it happens to be an excerpt from a paper by Richard Peters, president of the Blockley and Merion Society for Promoting Agriculture and Rural Economy, in the *Columbian Magazine*, January, 1791.

The Resettlement Administration's operations are hedged about by conditions incident to the conduct of the current work relief program and other conditions which are hard to reconcile with its long-time objective. Comptroller-General McCarl has refused to permit the expenditure of public money for purchasing land in order to retire it from use. That obstacle may be removed by tacking a rider to Senator Bankhead's Farm Home Corporation bill, now in the House Agriculture Committee.

Many families now living on submarginal land will be located in rural communities which combine farm and industrial occupations. It seems, however, that the cost of the old subsistence homestead program must be largely written off as an experiment. Fortunately, the outlay wasn't much over \$5 millions. Reedsville, W. Va., Crossville, Tenn., and other projects sponsored by the Interior Department are not highly regarded by Dr. Tugwell. The Division of Subsistence Homesteads was "liquidated" as soon as transferred to his jurisdiction and many projects not actually completed will be junked.

Failures Left Behind

And so the Resettlement Administration builds anew, according to its own plans for giving coherence to the economic forces which are driving people off the land. The failure of one experiment and the promotion of another are part and parcel of the New Deal. The \$91 millions allocated to finance the Resettlement Administration during the next 6 months has been split up among 11 regions which include all the states except Delaware.

New Products

New things, new ideas, new designs, new packages, new manufacturing and marketing methods.

A VACUUM cleaner full of new wrinkles, the Elektrikbroom, is now marketed by the Electric Broom Corp. Its nozzle is made of spring-reinforced rubber—to avoid damage to furniture. Instead of going into the customary bag, the dirt drawn up in the cleaning process collects in a separate molded (Bakelite) container which can be easily emptied. With suitable brushes inserted in the floor nozzle, the cleaner will work on wood, linoleum, brick floors and other hard surfaces as effectively as on carpets or rugs. When not in use this 6-lb. dirt chaser hangs on a hook in the closet.

A NEW machine for X-ray testing of materials as they come down to the production line is offered by Adrian X-Ray Mfg. Co. Its makers note that it has done fluoroscopic work through steel plates up to $\frac{1}{4}$ " thickness and that its radiograph attachment has functioned with 1" steel plate.

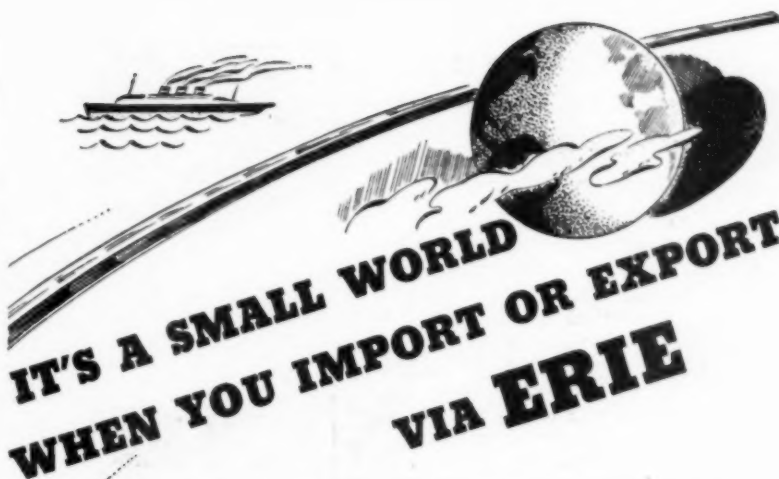
CAND-O-LITE is advertised by Match King, Inc., as "the everlasting candle." It is made of hollow metal, shaped and finished to resemble a candle, has an adjustable wick, burns benzine, and fits into any standard candlestick.

THE B. F. Goodrich Co. is engaged in expanding its line of automotive accessories and has added a full line of batteries (Electro-Pak) for which it claims extra power and efficiency due to an increase in number and size of plates. Other additions include a new compound for stopping leaks in radiators, and one for sealing cracks in automobile tops.

THE Magic-Lip ashtray, advertised by Kentav Corp. as a novelty or advertising medium, will automatically slip a forgotten lighted cigarette into the tray when it burns down to the lip, thereby preventing damage to rugs, table covers, furniture, etc., such as is frequently caused when a burning cigarette-butt loses its balance.

MARBLART is a new type of heavy enamel finish, that produces marble-like effects on kitchen ware and utensils by a new process. Moore Enameling & Mfg. Co. offers it as unusually durable, hard- and stainproof.

THE new Layout Fluid announced by the Dayton Rogers Mfg. Co. is suitable for preparing unpolished or polished metal surfaces of tools or dies for layout work.



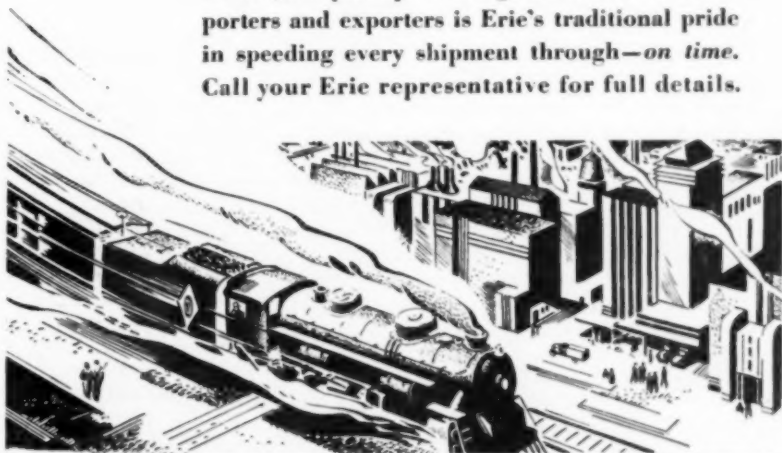
**IT'S A SMALL WORLD
WHEN YOU IMPORT OR EXPORT
VIA ERIE**

• Buying in Buenos Aires or selling in Shanghai can be as easy as doing business at home—if you let the Erie help.

For almost a century Erie has been handling the details of import and export for thousands of companies. There are no angles of the trade that Erie has not learned in that time.

Erie harbor facilities are efficient, modern. A fleet of fast lighters assures rapid transfer of goods from train to ship, or ship to train. Refrigerated lighters prevent spoilage of perishables in transit. Huge piers with special equipment make for safe handling and storage of delicate machinery, fragile goods or cumbersome commodities.

Experience and equipment are essential, of course, but perhaps Erie's greatest service to importers and exporters is Erie's traditional pride in speeding every shipment through—on time. Call your Erie representative for full details.



ERIE RAILROAD SYSTEM
THE HEAVY DUTY RAILROAD

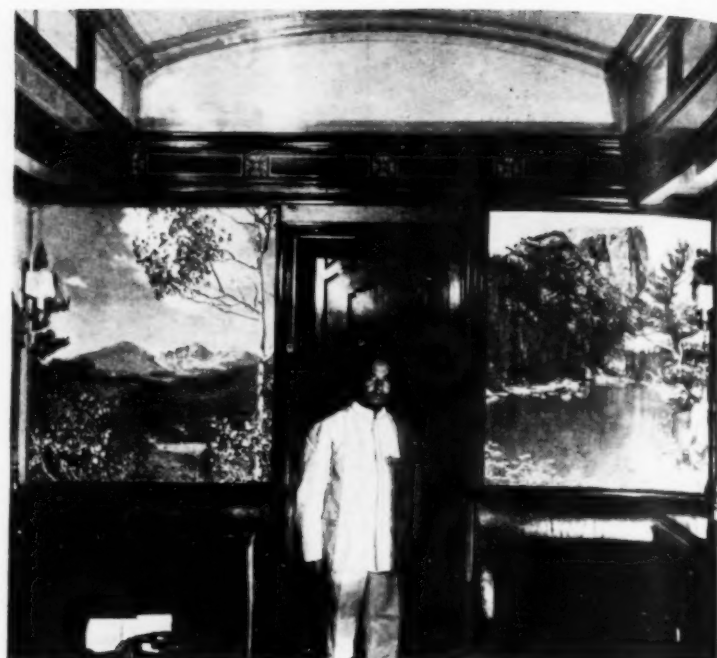
Roads vs. Eastman

Coordinator's staff predicts saving of \$56 millions by pooling terminals; Kansas City railroads balk at making experiment.

IN Washington last week Railroad Coordinator Eastman's staff said the railroads could save \$56 millions a year by consolidating and coordinating freight and passenger terminal facilities. But in Kansas City this week, 8 railroads balked at an experimental pooling arrangement.

The economy figure set by the coordinator's staff was some \$25 millions higher than the American railroads themselves calculated, but Eastman's experts insist that their figure is a close one and that, moreover, it can be expanded materially by joint traffic control of in-and-out terminal movements. Coordinator Eastman expressed hearty support of the report and indicated that it would be wise for the railroads to proceed with terminal unifications after receiving the approval of the affected communities.

In Kansas City, however, a unification plan involving a dozen railroads fell through. Although the scheme was merely for a test of the advantages of terminal coordination, and was scheduled for a trial period only, 8 of the roads were reluctant to give up a large share of their activities within the terminal area, and consequently the plan



SELLING WITH SCENERY—To keep cash customers sold on their vacation trips as they travel across the prairies, to impress on the returning traveler the beauties of the West, and generally to make railroad transportation more attractive, the Rock Island railroad decorates end panels in observation coaches on its Rocky Mountain Limited with large size photo-murals of scenic spots along the route.

was reduced to one which the coordinator's staff described as wholly inadequate for economy.

Rail Reorganizations—2 Schools

While Jones tries to hurry railroads to laundry, Eastman and Wheeler hold them up for inspection.

THERE is a hitch in sight for railroad reorganizations. Two schools of philosophy have sprung up among the New Deal interests concerned in the mass of reorganizing to be done by lame roads.

Jesse Jones, RFC chief, for a time had the philosophic field to himself. He urged haste in putting through reorganization plans, appearing to believe that roads with some earnings should take advantage of present low capital markets and those without earnings might just as well go ahead and get their scaling-down done. He told the crippled roads to get busy, or RFC would.

There's Another View

The exponent of haste found competition early this month. Just after Independence Day, Coordinator Eastman announced that 18 roads had been picked at random for the Senate investigating committee to exercise its talents on, and curiously enough half of them were roads in receivership or bank-

ruptcy. Last week Senator Wheeler, head of the committee investigating railroad affairs, made it plain that the committee would take an active part in examination of any reorganization plans that got to ICC under the stimulus of RFC's haste policy. Presumably the Eastman-Wheeler group believes that no rush is called for at this stage of the game when railroad earnings are getting better. But another angle is apparent since the Senate committee appointed as counsel Max Lowenthal, a New Dealer, who has shown a minimum of affection for railroad financiers.

RFC has not lived up to its indicated wish for speed as well as it might. Although he is anxious to get the ball rolling, Jones nevertheless is not giving anything away. One of his chief points in scanning reorganization plans already submitted is that RFC must have better treatment than has usually been proposed. Conversations this week with Western Pacific officials are a case in

point. RFC asked for 4% on new money to be advanced for rehabilitation after the plan was to be in effect. The railroad countered with an offer of income bonds. RFC compromised by agreeing that it would accept part collateral in second securities, take 3% for the first 5 years, and 4% thereafter, announcing this concession as its rock bottom in bargaining.

Favors Equity Holders

Another point that Jones has in mind is protection of equity holders. In the Denver & Rio Grande Western talks, junior bondholders argued that they should receive a substantial block of new common stock along with the new income bonds they were to accept under the proposed plan. Jones contended that the owners of the present common stock, the Western Pacific and Missouri Pacific, should not be obliged to give up their control of the Denver by losing part of the new common stock to junior bondholders. The Denver plan is waiting now for earnings figures from the Dotsero Cutoff, following which the chances for various groups can be more clearly outlined.

Western Pacific's setup appears to have come closest of any of the current schemes to harmony among security holders. Missouri Pacific interests are wide apart. Others are still in the wobbly gathering stage. Jones is trying to get them out; Wheeler and Eastman, to check too hasty action.

Wide Reading

A COMMERCIAL SURVEY OF THE UNITED STATES. *Fortune*, July. How many Americans smoke cigarettes, and which brands? What makes of car do they intend to buy, and when? Who favors the sharing of wealth? Beginning of a survey to be repeated quarterly.

WHAT KINDS OF ADVERTISEMENTS DO WOMEN LIKE? *Sales Management*, July 1. Recent advertisements which 10,000 housewives in 134 cities liked best.

DEFERRED PAYMENTS FOR INDUSTRIAL SALES. *Industrial Marketing*, July. Extension of the National Housing Act to permit financing of industrial rehabilitation and purchase of new equipment may be the opening of a new era for industrial marketing.

THE LAWLESS HONESTY OF TVA. Herbert Corey. *Nation's Business*, July. The men who control the TVA project, and what they aim to do.

REPORTS—SURVEYS

THE BUSINESS BOOKSHELF. Marian C. Manley and Mary E. Hunt. *Business Branch*, Newark Public Library, 75 pp., \$2. An index of the books most in demand by business men—listed under the topics most commonly requested. Compact; useful.

CORPORATE EARNING POWER IN THE CURRENT DEPRESSION. William Leonard Crum. Harvard University, 17 pp., 50c. Summary and interpretation of income tax data to show the course of corporate profits during the depression. Pertinent during present discussion of new taxes in Washington.

TRACKING DOWN RECOVERY IN RESIDENTIAL BUILDING. Dodge Statistical Service. First of a series of 4 bulletins. It tells why it "begins to look as if the long-expected revival of residential building had definitely arrived."

NATIONAL LABOR RELATIONS LAW. Two pamphlets on the Wagner labor legislation. Analysis of industry's viewpoint, by the National Association of Manufacturers; labor's point-of-view, by Chester Wright Associates; both with Washington offices.

BOOKS

RETAIL PRICE CUTTING AND ITS CONTROL BY MANUFACTURERS. Albert Haring. Ronald Press, 240 pp., \$3.50. Since the NRA was abandoned, what can a manufacturer do to prevent his product from becoming a loss-leader football? How can the maker of goods protect the goodwill he has built for his product? Mr. Haring has some answers.

MODERN CRIMINAL INVESTIGATION. Harry Soderman and John J. O'Connell. Funk & Wagnalls, 461 pp., \$5. An authoritative book, highly useful if you are a member of the police board of your town or are called to serve on the grand jury. Dr. Soderman is head of the Institute of Police Science, School of Law, University of Stockholm; his co-author is deputy chief inspector of the New York City police department, and dean of the police academy. There are a lot of good illustrations and some amazing facts about the work of practical detectives and the help they get from the laboratories.

CAN UTILITY STOCKS COME BACK?

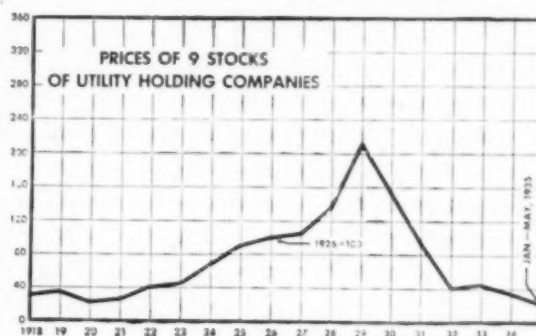
• Utility stocks *can* come back. They *did* come back—vigorously—a dozen years ago. The average

prices of 9 gas and electric holding company stocks were approximately at the same level in the years from 1918 to 1921 as they have been in recent months.

They have failed to enjoy any of the recovery made by stocks of other industries during the last two years because of excessive taxes on utilities, forced and unreasonable rate reductions, direct Federal and municipal competition. Latest and most severe of these attacks has been the Wheeler-Rayburn bill to abolish utility holding companies.

Utility securities have a chance to recover much of their former value, because the electric and gas industries have bright possibilities for growth. But these possibilities cannot be realized if the industries are under constant attack.

Insist that your Government representatives defend your rights as investors.



ASSOCIATED GAS & ELECTRIC SYSTEM



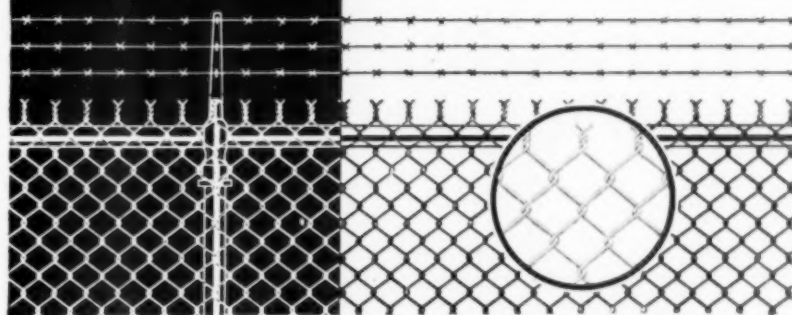
ACCIDENTS
*are just
incidents
to sturdy*
**Pittsburgh
Chain-Link
Fence**



PITTSBURGH CHAIN-LINK FENCE is made to resist not only the ravages of time and the elements, but also the inevitable accidents of everyday use. Designed for resilience, Pittsburgh chain link fabric *absorbs* shocks, and after ordinary impacts, returns to its original shape. Erected on a strong frame of heavily zinc-coated steel, it will give many years of highly satisfactory service. Write today for estimate of cost of fencing your property.

PITTSBURGH STEEL CO.

750 UNION TRUST BUILDING, PITTSBURGH, PA.





MALLORY keeps Millions of Radios in Operation

More than a million and a half automobile radio receivers are equipped with Mallory made Vibrators—and there is a Mallory Vibrator to meet any replacement requirement. Volume controls made by the Yaxley Division of Mallory are available for servicing more than 2500 radio set models—and Yaxley All-Wave Switches now used in over two million radio receiving sets are items of equal importance.

In the development of these, and other Mallory-Yaxley high quality replacement parts Mallory contributes to the best interests of the industry by raising the standard of radio performance.

P. R. MALLORY & CO., Inc.
INDIANAPOLIS INDIANA
Cable Address Palmallor

MALLORY

PARTS FOR RADIO, ELECTRICAL,
AUTOMOTIVE AND INDUSTRIAL FIELDS

Self-Made Men Believe in Life Insurance

BECAUSE they are realists, they have no illusions as to the price of their success . . . Because they want their children to have the care-free childhood they missed, they make sure of it with life insurance . . . No child need face the problems of existence too soon if his future is thus made secure.

Write for our booklet about the many uses of life insurance.

John Hancock
LIFE INSURANCE COMPANY
OF BOSTON, MASSACHUSETTS

JOHN HANCOCK INQUIRY BUREAU
197 Clarendon Street, Boston, Mass.

Please send me your booklet, "Answering an Important Question."

Name

Street and No.

City State

B.W. 7-35

Labor Front

Green would go slow on Wagner law; textile unions set wage deadline; lumber strikers split and longshoremen prepare to; coat-and-suit workers sign 2-year peace.

NEWS on the labor front during the week included a message from President Green of the American Federation of Labor, warning all member unions not to start legal action under the collective-bargaining provisions of the Wagner Labor Disputes Act unless sure of their ground. Labor does not want to carry a case to the Supreme Court unless it is the strongest one possible.

Meanwhile, another message came from 12 building-trade unions with offices across the street from the A. F. of L. Building in Washington. They sharply told Mr. Green they would not attend a convention of building unions in Washington on Aug. 1 to reorganize the building-trades department of the federation. They claim they are the legitimate department. The A. F. of L. has recognized the building-trades department controlled by 9 unions representing other trades. Some of the 12 unions may secede from the A. F. of L.

Worst Case Threatened

The United Textile Workers of America demanded that woolen and worsted manufacturers raise wages by from 5% to 40%. Monday was set as the deadline for the answer. But there will not be an industry-wide strike till August at the earliest. Union leaders talk of calling out 110,000 operatives. They hope the mills will be afraid to risk cancellation of orders for 35 million yards now being processed. There has been a strike in some New England mills for several weeks.

Though the lumber strike on the North Pacific Coast seems to be petering out, it still has the operators worried. The business index in Portland, for example, was only 56 in June and 59 in May, as against 71 in April. In Tacoma a cable tower of the overhead tramway at the Wheeler-Osgood Lumber Co. mill (one of 14 Tacoma sawmills operating under protection of the National Guard) was wrecked by 2 dynamite blasts. Resumption of operations at Grays Harbor, where troops were also in command, was stopped by 3,000 pickets.

Labor is split into 2 factions. One, the more conservative, allied with the carpenters, has accepted a slight wage increase and is trying to get union recognition, with small hope of success. The other union has no alliance with the carpenters and persists in the strike. The governors of both Oregon and Washington are threatened with recall for using troops.

There was a strike at Boulder Dam, temporarily stopping all work. Various

unions were split on the question of striking.

Labor won an important court victory in Brooklyn, when New York appellate judges dissolved an injunction issued by another judge restraining the president of the Transportation Trades Council of the Port of New York, several longshoremen's unions, and a number of steamship companies from refusing to handle freight hauled by non-union teamsters. The appellate judges said the goods were in interstate commerce and therefore outside the jurisdiction of state courts. Unless some new curb is imposed, the longshoremen's and teamsters' unions will be able to cooperate so goods hauled by non-union men will not be moved at the docks, and goods moved at docks by non-union men will not be hauled.

Trouble on the Gulf

The longshoremen's union continues to have labor troubles at several ports on the Gulf of Mexico. At Gulfport, Miss., the maritime association recognized a newly formed company union and locked out the local of the International Longshoremen's Association, which thereupon picketed, tying up the port. Strife continued in Florida and in Lake Charles, La., where 8 union members were recently shot.

Strife without violence occurred in New York. There, at the longshoremen's convention, President Joseph P. Ryan faced Harry Bridges, the radical leader who commanded the San Francisco waterfront strike last year that led to a brief general strike. As far as the votes went, Ryan had everything his own way; only the 5 San Francisco delegates voted against his reelection. The convention was mainly notable as the scene of preparation for more conflict in the union. Bridges had come there to state his case for a 30-hour week and for control of hiring-halls by the union, and to denounce Ryan as a tool of the employers during the San Francisco strike.

Legion Aid Asked

The New York Shipbuilding Corp. brought Major Henry F. Holthusen, New York lawyer and Legionnaire, to Camden, N. J., where 4,600 workers have been on strike since May. Holthusen said the American Legion would take a vote of the strikers to ascertain if they wanted to return to work. The union rejected the plan.

A 2-year peace in the coat-and-suit industry is assured under an agreement by the International Ladies Garment Workers Union and various employers' associations. Governor Lehman averted a protracted strike of 40,000 workers. The agreement continues the contractor limitation clauses, by which jobbers help to protect labor standards. It also provides for a new Consumer Protection Label, to replace the NRA label. These are being rushed to the shops.

Soviets Re-recognized

One-year trade agreement with Russia promises \$30 millions buying here. Rail equipment orders may be added. Ten American firms now maintain representatives in Moscow.

WASHINGTON and Moscow have come to terms on a trade agreement which they are going to try out for a year. The Soviets agree to spend "at least" \$30 millions in the United States; Washington will allow Soviet products to enter this country on the same terms as from the other countries with which new reciprocal trade agreements have been reached. The old question of the Czarist debt is not mentioned; neither is the problem of credit, which means that no loan can be granted to Russia unless the Attorney-General reverses his decision covering the application of the Johnson Act.

Hull's Enmity Weakens

Real significance of the move is the indication that the bitter antagonism of the State Department in Washington to anything Russian is beginning to weaken. The Soviets want to buy. They have a perfect credit record on all obligations which they have undertaken. They are accumulating gold. The reciprocal trade program which the Administration is backing—and which commands the respect of business—is developing slowly, as such a program must. A Presidential election year is approaching and it is time to produce results. Russian business is suddenly welcome.

Washington probably has another motive. World tensions have tightened alarmingly in the last few months. With the revived threat of trouble in Europe, Japan is showing new aggressiveness in the Orient. If the Western powers are not going to be pulled into the struggle over Far Eastern markets, it will be because Russia stops Japan. As Russia gains in economic strength, the word of Moscow gains weight at Tokyo conferences.

Large Soviet Purchases

The Soviets have been buying in large volume in this country this spring. Machine tools and raw cotton top the list, though there have been important orders for oil-refining equipment, rolling mills, automotive and aeronautic supplies. Amtorg has placed more than \$10 millions of business in the first 6 months, and the All-Russian Textile Syndicate has bought \$9 millions of American cotton.

New business is likely to follow this same trend, with possibly important orders for railroad equipment. Soviet officials have said repeatedly that they would like to have American railroad equip-

ment if they could get adequate credits. There was even talk at one time of having Americans install a 1,000-mile stretch of line completely equipped with the most modern rolling stock which would be used as a measuring stick for the entire Russian rail system. The cost, without some form of long-term financing, made this impossible.

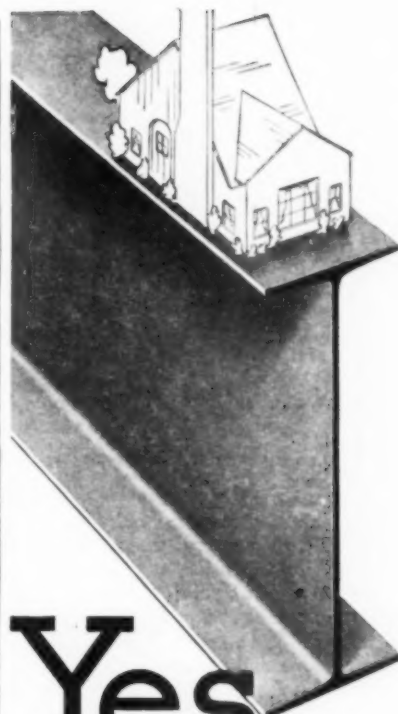
The United States has sold much more to Russia than has ever been purchased from the Soviet Union. The new agreement implies that Washington is going to try to even up the trade. Anticipating the flow of goods in this direction on the basis of the 3 reciprocal trade agreements already in operation, there will be no flood of any one product. Certain concessions to Belgian linen and lace manufacturers should help the Soviets. Russian linen and some embroideries have been coming into the country in small volume. Concessions to Sweden which might influence Russia are on processed paper board, matches, and specific types of pulp, all of which have been sold in varying quantities in this country by the Soviets.

Manganese Is Affected

Most important item likely to be covered in the new agreement is manganese. In the trade agreement with Brazil, which has been written but which the Brazilian government has not yet accepted and which, therefore, is not yet operative, concessions are made which would automatically be extended to Russia.

Moscow is jubilant over the new agreement. The daily *Izvestia* declares it is the "first step in the wide development of business relations with the United States"; notes in the same issue that Charles E. Stuart, executive vice-president of the Export-Import Bank, is in Moscow, having flown in from Turkey; finally, that Andrew Williams of American Steel Foundries is also in the Soviet capital negotiating with the Commissariat of Heavy Industry for the sale of needed railway equipment and technical aid.

Business Week's Moscow correspondent lists 10 American firms which now maintain permanent business representatives in Moscow: Black & Decker; General Motors; Wm. H. Nicholls Co.; Chicago Pneumatic Tool Co.; National Cash Register Co.; International Business Machines; Mergenthaler Linotype; United States Lines; Koppers Construction Co.; Carborundum Co.



Yes,
you can afford
steel and concrete
floors at home

Shrink-proof, vermin-proof, vibrationless and fire-resistant floor construction—practice that is considered a necessity in permanent commercial and industrial buildings—may be used in homes with economy.

J & L Junior Beam Floor Construction is adaptable to residences selling for as little as \$7,000. The system is easy and simple; it imposes no technical restrictions on architect or builder.

The J & L Steel and Concrete Floors System eliminates the dissatisfaction and expense resulting from the shrinkage of wooden floor joists. Structural soundness is added; permanent investment values increased.

Write for a descriptive bulletin, and get all the facts concerning this modern method of residential floor construction.



**JONES & LAUGHLIN
STEEL CORPORATION**

AMERICAN IRON AND STEEL WORKS
PITTSBURGH, PENNSYLVANIA

Canada Prepares for an Election

New Reconstruction party platform reveals no sharp issues on which pending Dominion election will be fought. Possibility of coalition government grows.

OTTAWA—What promises to be one of the most eventful general election campaigns in Dominion history was launched last week when H. H. Stevens—Conservative party rebel and leader of the investigation into Canadian business practices—announced that he would head a Reconstruction party with a platform of reform measures which are the outgrowth of his Dominion-wide probe.

In spite of bold campaign slogans calling for "reconstruction of Canada's shattered national economy," war on poverty, and abolition of involuntary idleness, there is nothing radical in the party platform announced last week. All parties promise a self-sustaining public works program; the Bennett government outlined the beginning of a housing program; wages and working hours are already improved in legislation passed in the last session of parliament; farm products are now marketed by a government-controlled board; business reform measures—up to the limit of central government authority—have already been passed.

Lineup of the Rivals

There are 3 other parties of consequence in Canada: the Conservatives (headed by Prime Minister Bennett, and now in power); the Liberals (headed by Mackenzie King, and ordinarily "the opposition"); and the C.C.F. (Cooperative Commonwealth Federation, headed by J. S. Woodsworth, Canada's out-and-out Socialist party).

Like Bennett and the Conservatives, Stevens is not in favor of scrapping the existing economic (capitalistic) system in Canada. He would correct its faults, as would Bennett, to make it better serve the nation and the people as a whole. Mackenzie King and the Liberals wouldn't interfere very much with the system, are for liberty of the individual, opposed to "dictatorial control" and "regimentation," claim that restoration of democratic government (allegedly subverted by Bennett) and lower tariffs will bring back prosperity. J. S. Woodsworth's C.C.F. party would scrap the capitalistic system and replace it by the socialistic state.

Stevens claims moderate and small business is with him, and indications are that, to some extent, the claim is well founded. The nationally-organized and strong Retail Merchants' Association backed him in the business investigation and probably will back him in the election. He claims he has voluntary offers of generous financial and

other assistance for the campaign. Clearly he hopes to attract the vote that would desert Bennett and the Conservative party on the ground that they are too closely identified with big business and the system "as is" to be courageous and sincere about reform; capture from the Liberals the "time-for-a-change" vote that would ordinarily go to them as the strongest alternative to the Bennett government; appeal to people who feel that a new deal of some kind is needed and would have been tempted to vote for the C.C.F., although they don't want to go as far as socialism.

Big Business Fights Stevens

Big business (St. James Street) will be 100% against Stevens. In some degree it might be expected to stand by Bennett because of his "sound" policies during the depression, his tariff protection policy, his opposition to nationalization of the new Bank of Canada (central bank) which Stevens, the Liberals, and the C.C.F. all propose. But it is disposed to chastise the Premier for the extent to which he has gone in departing from its traditions. It will be largely inclined to support the Liberal party, in expectation that, notwithstanding whatever appeals that party may make to all elements in the election, it would in office cling to its traditional policy of *laissez-faire*. Hope is for a national government after the election if not before, to put through railway amalgamation, resist socialism.

Agriculture, particularly in the West, has reason to favor Bennett because of his agricultural measures—support of the wheat market, new grain board act, marketing act, farm mortgage debt adjustment measure, relief for drought areas, Empire trade agreements. But the prairies are chronically anti-Conservative, mainly because of tariff policy. Stevens promises them lower tariffs on implements of production but generally would protect Canadian industry. Mackenzie King and the Liberals would lower tariffs all round, which gets the West where it lives because it has practically no manufacturing industry.

New Deal Labor Appeal

Labor may elect an increased parliamentary bloc of its own, but it is allied with the C.C.F. Bennett's tariff protection policy appealed to industrial workers in the last election but, with continued unemployment, they fail to see that the depression might have been harder on Canada without that policy. Stevens appeals to Labor with promises

New Party Leader



HENRY HERBERT STEVENS.—Head of Canada's week-old Reconstruction party, which claims to be backed by "moderate and small business," he is a living paradox. A Conservative (with either a big or a small "c"), he is also a rebel reformer; a pious Methodist, he is a romantic adventurer; a dignified and serious statesman who is hardly on speaking terms with either Bacchus or Lady Nicotine, he is sufficiently "regular" to be hailed as "Harry" by nearly everyone who knows him. Above all, he is a crusader.

Born at Bristol, England, 57 years ago; came to Canada at age of 9; has lived most of his life in Vancouver; fought in China during Boxer Wars as a soldier of fortune; always active in public affairs; chartered accountant by profession.

Came to House of Commons, 1911; Minister of Trade and Commerce, 1921; of Customs, 1926; of Trade and Commerce again, 1930-1934.

of further taxation of big incomes, big public works undertakings. He bids for the white-collar workers on the basis of a "new deal."

The main factor in the election probably will be general sentiment against all governments of the day everywhere. Conservative governments in 5 provinces have gone down in 18 months.

There is a possibility that, with the vote split up among 4 parties, no one will be able to control the next parliament and the result may be a national government and another election. But if any of the parties form a government, the reform measures passed last session probably will be carried out to a considerable extent. Should Bennett come back as Prime Minister he probably will seek revision of the constitution as a basis for further reform.

Business Abroad

Boom tourist year helps boost business optimism. Laval decrees drastic economies for France. Britain pushes bill to scrap obsolete textile mills. Soviets reach trade agreement with United States, win Belgian recognition.

WAR scares, 5-year-old "business uncertainties," and political worries have been tossed to the winds this week as the tourist business comes to a peak not far from 1929 levels. Mexico estimates that Americans are going to spend \$75 millions in the country this year. London reports the biggest influx of Americans since the slump, proving that the Silver Jubilee was a show worth staging for the business it could bring to Britain. Britishers, on the other hand, are flocking to the Normandy coast in France on popular 1-day excursions which enterprising French and British travel agents are providing this year. The Alaska Steamship Co., operating 14 vessels out of Seattle, reports that every berth is booked for the next 20 sailings in the biggest travel rush the company has experienced. The San Diego exposition is the biggest single attraction on the United States' West Coast. Nearly 43,000 passengers left New York for foreign ports during June.

Tourists Are Profitable

British travel associations, proud of the returns on their Jubilee advertising, are preaching to business men that there is more profit in selling a ton of "tourism" than a ton of coal, because tourists always carry away affection for some special item of British goods. Average expenditure per stay of a tourist to Britain is estimated at £50.

Encouraged by the influx of Frenchmen now that their gold francs buy more in Britain than they did before the pound was devalued, the British have cooperated in developing 1-day conducted tours to Normandy. Special trains leave London at 10 in the morning, boats are waiting at the Channel,

lunch is served in France followed by a motor tour of the coast, an hour in a casino, dinner, and then the trip home—all for 30 shillings (about \$7).

The Swiss are adept at attracting tourists, but they are having their troubles this year with their currency on the gold standard. Partly to overcome this handicap, gasoline is being sold to tourists at greatly reduced rates.

Mexico is setting the pace for tourist baiting among the Latin American countries. Lacking adequate hotel facilities in the capital (whose location on a high plateau makes it as attractive as a summer resort as Mexico is reputed to be in the winter) to accommodate the rush of tourists during July and August, the ingenious travel authorities rigged up a Pullman city where 3,000 guests can be accommodated when hotels are full. International Rotary was tempted to Mexico in June for its annual meeting, gave Mexico one of the biggest tourist weeks in its history, brought an estimated \$3½ millions to capital city merchants and hotel keepers. International Lions will roar for the Mexi-

cans late this month, will aim to outdo Rotary—even to the spending.

Havana continues to attract travelers who can sleep on their ships, and Panama is profiting from the best travel season in 5 years. South American sailings are heavily booked for both July and August. It's almost impossible to get a Bermuda reservation this month. Travel to Canada jumped last year, has increased another 15% this.

Germany

Berlin begins to wonder if Anglo-German naval agreement was really a German triumph. Rail-truck freight war is once more "settled" by the government.

BERLIN (*Wireless*)—Germans are beginning to wonder if the Anglo-German naval agreement is as much of a triumph as it seemed at first. Second thoughts raise doubts. If Berlin was able to win this point so easily, could not Germany have asked for more, received something in return for concessions to—possibly—the present tonnage agreement? And has not Berlin now played the trump card, leaving Britain free to back French demands?

Germany's capital goods industries continue to show good progress, but consumer lines are stagnant, reflecting the rising cost of living and the low wages which are universal in Germany. Stock prices are rising again.

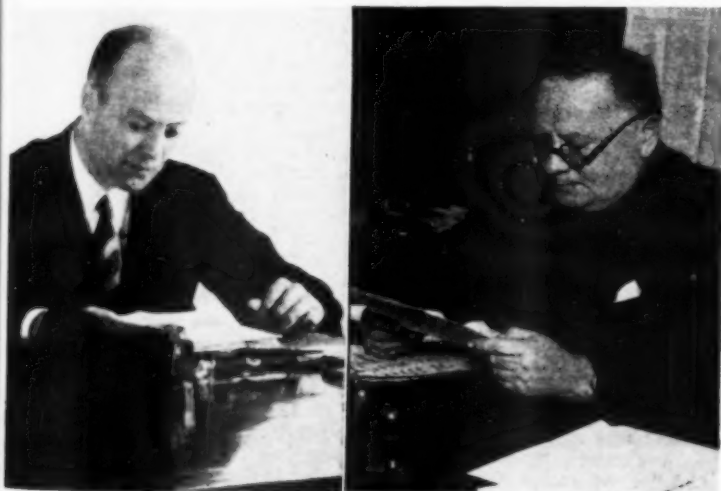
As long ago as 1931, Germany attempted to settle the difficult problem of the railroads vs. motor truck haulers. The scheme worked out at that time was to restrict trucks handling freight to a 30-mile zone except where specially licensed and to force the same freight rates on both railroads and trucks.

Almost immediately the German railroads, which are owned by the government, developed their own truck systems. Hitler has always disapproved of this, because it meant the end of private long-haul motor transport.

Rail-Truck Cooperation

A new scheme for regulation of the freight business has just been announced, is summarized: (1) trucks are allowed to operate freely within a 30-mile zone of the owner; (2) a licensed motor truck operator must not operate any other business; (3) all motor truck operators must join a central association; (4) this association will fix freight rates for motor transport in agreement with the railroads, but failing an agreement the rates will be fixed by the Minister of Transportation; (5) through its agents, the association calculates, collects and disburses all freight payments which, it is believed, will stop illicit price competition. The association is also to establish and operate "clearing depots" for collecting and distributing freight.

The rate question is thus still not fixed but private operators are encouraged to believe that the government is going to protect their interests. The German Railways meanwhile are continuing to expand their trucking busi-



NEGOTIATORS—William C. Bullitt (left), American ambassador in Moscow, and Maxim Litvinov, Soviet Foreign Minister, last week signed a 1-year trial tariff pact—first formal trade agreement between the two. In return for tariff equality on Soviet goods entering the United States, Moscow agreed to buy at least \$30 millions of American goods—including raw cotton as well as machinery.

ness. In 1932, railroad trucks hauled 168,500 tons of freight; in 1933, 895,000; and last year 1½ millions. When 1935 records are released they will probably show another increase.

Great Britain

Business is booming. The government pushes bill to scrap one-fourth of the spindles in the textile industry.

LONDON (Cable)—Britain is ready to greet August—the summer holiday month—with almost a record flood of new issues, firm stock markets, general business optimism, good rail earnings—and 2 fears: that a conflict cannot be avoided in Ethiopia, and that labor troubles which are threatening at home may develop into something serious.

London is now fully aware that nothing can stop Mussolini in his plan to absorb—at least economically—Ethiopia. London's concern over the future is realistic. Whoever controls Ethiopia controls the real water supply of the Sudan (British) and Egypt, menaces Aden—one of Britain's most important naval bases, and partly dominates the Suez Canal, which is Britain's key to the East. These are the worries on one side. On the other, there is the fear that if Mussolini fails in his campaign, the prestige of the governing whites in Africa will suffer a violent setback, and subject races from northern Africa to India may grasp the opportunity to rebel in unison. However London looks at the Italo-Ethiopian dispute, the future is dismal.

The labor problem is no problem at all—yet. Britain, however, watching labor making new demands all over the world, is worried by the new stand of the mine workers and cotton operatives for higher wages, and the rumbling discontent of the unemployed over relief payments. What happens this week when the textile workers meet with owners will give some clue to the future.

To Scrap Old Mills

Nothing is more significant than the cotton spinning industry bill which has been introduced. One reason Britain is having such little success competing with Japanese cotton textile producers is that the British industry is held back by a vast number of obsolescent mills. The British government now proposes to take the bull by the horns. If the textile industry is going to demand financial aid from the government, the government is going to force the industry to rationalize, unwelcome as this may be to a large minority. The government, however, has a carefully worked out scheme which will help to carry out the project over a period of several years and preserve order within the industry.

A Spindles Board would be created by the bill. This board would be provided immediately with £2 millions with which to buy up 10 million spindles—or one-fourth of all British spindles. The loan would be repaid by levying a

tax on all remaining textile mills. Scrapping will take place during the next 2 or 3 years; repayment will not be required for 15 years.

England is watching the progress of the bill closely. Never before in British history has so large a group of workers and owners been affected by direct government legislation so drastically controlling the movements of an individual industry. In most countries the very proposal would have aroused a great outcry against dictatorship and loss of freedom. Big business is just wakening to the fact that government is quickly though quietly forming a corporate state not unlike the Mussolini system, by occasional acts of this kind.

France

Government decrees rent reductions, cheaper food, lower utility rates, and a cut in the income to government bondholders.

PARIS (Wireless)—Prime Minister Laval and his emergency cabinet drew shrewdly and boldly from the combined experience of Mussolini, Hitler and Roosevelt in developing their crisis legislation for France, announced this week. With 23 new measures they are attempting to balance the French budget, save the franc, and preserve the present form of government. First reactions in Paris were favorable. They have until the end of October to show that their plan will work. Then Parliament returns to vote approval or disapproval. Long before that time public opinion will determine its success. If failure looms, Paris' best guess is that Laval will move quickly and boldly to keep the situation under control.

Living Will Be Cheaper

The new program divides itself in 3 parts. The first provides economies through a 10% reduction in all civil service salaries or pensions over 10,000 francs (\$660) and smaller cuts for salaries down to \$200; and a 10% tax on government bond interest, which amounts virtually to a government conversion with savings up to 10%. The second provides tax increases intended to swell government revenues and imposes a supertax of 50% on all incomes of 80,000 francs or more (\$5,280), increases the tax on stock dividends from 17% to 24%, and levies a new 25% supertax on profits in the war industries. The third group is a series of cuts in the cost of the principal items in every day living, intended to make it easier for those whose income has been reduced (20% of the wage earners in France are government employees). These include a 10% reduction in mortgage interest rate and in rents, a 5% reduction in electricity and gas rates, a 6% cut in the cost of bread, and a 5% to 15% reduction in the price of coal.

Widest protest will come from the cut in salaries and pensions. Salve to this large group is the slap at the rich in the dividend cuts and mortgage and rent reductions. No French government has

ever before decreed a reduction in rents or a cut in the interest on government bonds. These, with the other reductions in living costs, make it difficult for the Left Wing to protest unless they come forward with a better program.

Total deficit in France is estimated at 11 billion francs (more than \$725 millions).

Soviet Union

Russia takes payment in goods for Chinese Eastern Railroad. Recognition by Belgium will lead to a new trade agreement.

MOSCOW (Wireless)—Judging by the American manufacturing representatives who are arriving in Moscow daily, the United States—as well as the Soviet Union—is aware that Russia's pledge to buy \$30 millions of American goods under the new trade agreement (page 23) is a minimum pledge. With the large favorable trade balance which the Soviet Union has been able to maintain for the last several years, and with the increasing gold output, Russia may now become one of America's most important customers capable of making large purchases for cash.

Railroad equipment, oil boring machinery, equipment for the gold mining industry, machine tools, and raw cotton will constitute some of Russia's immediate purchases in the United States.

Moscow Buys in Japan

When Russia sold the Chinese Eastern Railroad to Japan, it was agreed that a part of the price would be paid in goods which Moscow would purchase from Japan. A Soviet trade delegation has been in Tokyo for nearly 3 months and to date has placed orders for about \$5 millions of machine tools, portable power units, building materials, foodstuffs, and raw materials. It is believed here that these purchases may contribute to a general revival of Soviet-Japanese trade relations in the future.

As soon as it was announced in Moscow that the Belgian government had formally recognized the Soviet Union, it was rumored that trade talks would be opened at once. Significance is attached to the announcement in the official *Izvestia*: "The high industrial development of Belgium and her well-developed metallurgical and machine building industry will offer an opportunity for the Soviet Union to avail itself of her technical experience." Even before a trade agreement is arranged with Belgium, the new commercial pact with Bulgaria may be completed and announced.

In spite of the \$80-million credit which Germans established recently for the purchase by the Soviets of German goods, imports from the Reich are beginning to decline. This is due probably to the unfavorable political relations between the 2 countries. So long as Germany offered the Soviets the most favorable trading terms, Moscow placed orders in Berlin. And so long as Moscow is able to balance orders against pur-



HAITI BUYS ITS BANK—After 13 years of administration by the National City Bank of New York, the Banque Nationale de la Republique d'Haiti is turned over to President Stenio Vincent (right) by bank administrator Walter F. Voorhies (left). With its purchase (for \$1 million, half of the bank's capital), Haiti embarks on its first banking venture in 50 years, the second in its whole history.

chases by Germany of Soviet products, this business will continue. But, with equal terms elsewhere, Russia is likely to place surplus orders in other more friendly nations.

Canada

Pre-election cabinet changes will affect business. Constitution may be altered to allow Ottawa to carry out economic reform.

OTTAWA—Canadian business men soon will find themselves dealing with new heads of a number of federal departments with which business comes into close contact. Prime Minister Bennett is now planning a pre-election reconstruction of his cabinet and a number of ministers have indicated their impending retirement from public life.

E. N. Rhodes, Finance Minister, wishes to withdraw and seek a quieter life, either in the Senate or as Dominion Archivist. Rhodes has been responsible for a number of annual budgets affecting business men through increased taxes and otherwise. Bennett will have some difficulty in finding a suitable successor.

Charles Matthews, Minister of National Revenue, a department with which Canadian manufacturers and importers have constant dealings, is retiring and J. Earl Lawson, Toronto lawyer and member of the Commons, is slated as successor. Hugh Guthrie, head of the Justice department, which also impinges on the business life of the country, is likely to go to the bench. Wesley Gordon, Labor Minister, probably will succeed him.

Retirement of Alfred Duranleau, Ma-

rine Minister, Arthur Sauve, Postmaster General, and T. G. Murphy, Minister of the Interior, is also rumored. In all, the Prime Minister has about 50 important appointments to make before the election, including some 17 Senators, the chairman of the Railway Commission, chairman of the Civil Service Commission, and some deputy ministers.

Bennett is now considering methods for bringing about revision of the constitution in order to open the way for further economic and social reform under federal authority. In recent years most constitutional authorities in Canada have held the British North America Act to be a contract between the provinces and the Dominion, not to be altered without consent of all parties. Older provinces, especially Quebec, are always hesitant about revision, fearing for minority rights guaranteed them by the constitution. Any important amendments have always been made with provincial consent. Bennett proposes to consult the provinces about further revision in connection with his economic reform policy and it is likely the question will figure prominently in the election campaign.

No Hydro Settlement

Finance Minister Rhodes has disposed of \$20 millions of treasury bills at the average discount price of 99.65211, equivalent to an interest rate of 1.385%.

The promised conference between Premiers M. F. Hepburn of Ontario and L. A. Taschereau of Quebec regarding Ontario's action in repudiating contracts for additional power from 4 Quebec power companies continues to be postponed from time to time. Apparently no date has yet been set. Mr. Hepburn's statement last week that the province would pay for surplus power until the contracts were revised apparently does

not refer to additional power covered by the contracts which the recent Act declared void, but to such part of the regular supply of power as is not now being distributed by the Hydro Commission. The repudiation act has not been proclaimed by the lieutenant-governor and, therefore, is not in force. Friends of Hepburn assert that proclamation is being held in abeyance pending revision of the contracts and that this situation is being helpful in persuading the Quebec companies to consent to revision.

Japan's action in providing for 50% increases in duties on Canadian wheat, lumber, pulp, and paper in retaliation against Canada's alleged restriction on the entry of Japanese goods is giving Bennett and his cabinet considerable concern. Japan can secure these goods conveniently from the United States, Scandinavia, and other countries, and there is apprehension here as to possibility of permanent loss of the Japanese market for them. British Columbia is particularly disturbed.

Latin America

Mexican business is stimulated by mining boom and influx of tourists. In Brazil industry thrives behind protection of cheap currency.

MEXICO: The mining industry and the tourist business are bringing prosperity to Mexico. With silver prices at present levels, even old low-content ore can be refined profitably. Dozens of new properties are being worked. Mexican exports of all products for the first 3 months touched an all-time high of \$51½ millions.

United States tourists spent a bare \$33 millions in Mexico in 1933, pushed this total to \$41 millions last year. Best estimates now from the Mexican Tourist Bureau are that expenditures this year will rise to \$75 millions. The convention of International Rotary in the capital last month, followed by the arrival the last week in July of International Lions, accounts for an important part of the increase, but smaller groups are arriving every week. Special air transport connections were announced this week which makes it possible to travel from Mexico City to Chicago in 13 hours, and to New York in 18½ hours.

BRAZIL: Current weakness of the Brazilian currency, while it is viewed gloomily by foreigners in the habit of exporting large quantities of goods to Brazil, is helping domestic industry by making the cost of imported goods prohibitive. This condition over the last 5 years has helped Brazil to build up a textile industry which now supplies more than 80% of the needs of the country. Many other industries are operating at capacity behind this most effective protective tariff. Construction and real estate financing are active. Collections are better than average and commercial failures are relatively low. Practically all of the unemployed have been absorbed. In agricultural districts where cotton is being grown, there is actually a shortage of workers.

Money and the Markets

Congress hangs on while business fidgets. AAA decision unsettles commodities. Government bonds unruffled by gold-clause plan. New financing reaches \$400 millions, stocks touch new high for year, and grains rise.

BUSINESS and finance are obviously doomed to at least two weeks' more endurance of the presence of Congress. A flurry of rebellion against continuance of the session was squelched this week, and work on the remaining legislation goes forward slowly, but with no early end in sight. The question of the tax program, which has bobbed up and down on the list of imperative action until its behavior has approached the comic, is at the moment leading the list of new things to be done; and since this is no task that can be accomplished in a jiffy, it is perfectly clear that Congress will be a handicapping influence for a while longer.

The New Deal received another rude shock this week with the ruling by the federal circuit court in Boston that the AAA was unconstitutional. The court decision, not as important as the NRA decisions, of course, created a little unsettlement in some of the commodity markets directly concerned, but on the whole there has been little change in the financial outlook. Industry is naturally under the influence of summer routine. Investment markets continue to feel the urgent push of surplus funds. The week in capital markets produced a splendid volume of new business.

Italian Securities Drop

Italian securities in our markets suffered further declines, because no detour around approaching hostilities appeared, but this was again a special instance not affecting domestic finance. News from abroad was rather stable. Premier Laval of France announced a program for French finances designed to turn the deficit into a surplus for this year. In

England the capital markets are in the midst of a flurry of new financing, with about 50 million pounds sterling scheduled for flotation this week and next.

Work-relief money is being allotted at an increasingly rapid rate, but applications of money to projects have been so few thus far that very little influence on business activity is felt. A change in policy became apparent this week in PWA when the advisory committee on allotments approved a suggestion that the interest rate of 4% charged on PWA advances to municipalities be shaded where private banks were not taking care of the borrowers at lower rates. Not long ago the PWA advanced its interest rate to 4% in the hope that sound municipalities would turn to private banks and give them the business. The presumption was that banks would be able to do better than 4%. Now PWA is going back to lower rates in instances which warrant the action.

Government Bonds Ignore Gold Bill

THE government bond market paid no attention to observations of senators that federal credit might be damaged by the proposed bill to bar gold suits. The gold clause is already non-existent as far as the market is concerned, and the factor that sets prices on governments at the moment is the easy-money condition. Dealers give Secretary Morgenthau credit for properly answering the question about what an offering of greenbacks in exchange for gold-clause bonds would do. He said no holder would turn in bonds that are selling at

big premiums for any kind of money at par.

Reverting to its auction method of selling bonds, the Treasury readily disposed of \$100 million 2½s of 1955-60. This additional issuance depressed the quotation on outstanding bonds of the same terms by the barest fraction.

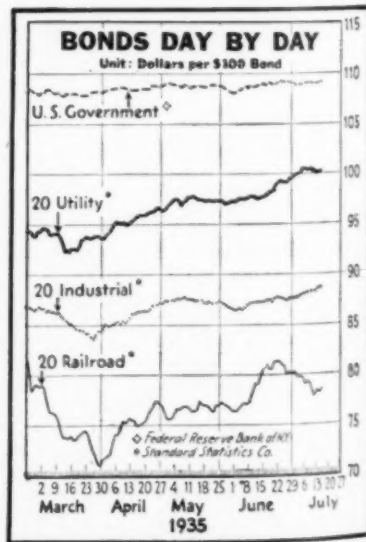
AAA Decision

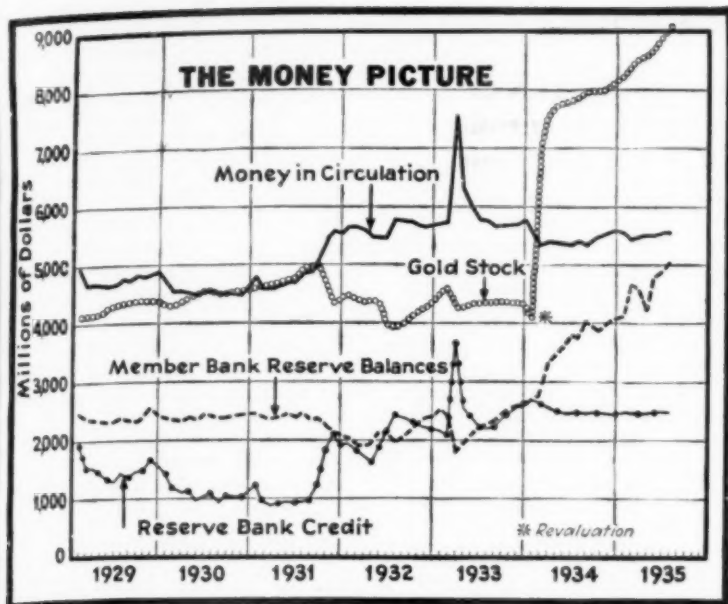
Causes Tax Puzzle

AAA's loss of the Hoosac Mills constitutionality case (page 6) brought the cotton textile markets to a standstill while mills and buyers debated how goods could be billed to cover the contingency of the 4.2¢ processing-tax that may or may not have to be paid. Prices of raw cotton and the ever sensitive sugar were unsettled because of the threat in the decision against the crop-control devices. But in hogs, a scarcely item where much of the \$2.25 now levied as a tax would probably be passed on to the farmer direct through higher prices, quotations touched the highest level in almost 5 years. Likewise in wheat, the chance of the market price getting part of the 30¢ per bu. now tacked on through the tax, threw another factor into trading already excited over weather reports and insect pests.

The episode punctuated a fairly active buying movement in cotton textiles. Jobbers and other buyers had been showing an inclination to extend forward commitments moderately, some covering 30 days ahead. The best business was in sheetings and drills at firm prices. A fair amount of print cloth was moving at slight concessions, only the fine goods being pressed for sale hard enough to shade quotations appreciably.

A good volume of orders has accumulated in the gray goods market while buyers waited for arrangements to be made to assure them protection against the possible cancellation of the processing levy on cotton. Trade observers think there will be no important change in prices upon resumption of business, but that orders will be concentrated with





substantial mills of prime credit ratings, since the general practice will be to include the tax in the price upon condition that the seller set it aside in a reserve available for refunding.

\$400 Millions In New Financing

New financing for the week was at an extremely heavy rate for mid-July, totaling about \$400 millions, which is much larger than the volume expected for later weeks this summer. Edison Electric Illuminating of Boston, in the first long-term financing of its history, featured the markets by awarding a 30-year \$53-million first-mortgage issue carrying a 3½% coupon to a syndicate that bid almost 102. Last week the Consolidated Gas, Electric Light & Power Co. of Baltimore sold a \$7-million issue of 3½s for par. Both these deals represented new low rates in the capital markets for the class of issue. The Cleveland Electric Illuminating Co. this week had a \$40-million issue on the market which promptly went to a premium after public offering. New York City made its best sale in 32 years when \$38 millions of long-term bonds and corporate stock went to a syndicate on terms that brought the cost of interest to 3.47%. Pure Oil finally got its \$32-million issue on the market.

Cudahy Packing filed a total of \$25 millions with the SEC, which would bring recent new financing by all Chicago packers up to the sum of \$151 millions. Shadows of future financing came into sight when it was reported Southern Pacific was looking toward a flotation which would enable the road to pay off its RFC obligations of \$22 millions and provide an additional \$8 millions of new working capital. The state of Pennsylvania expects to borrow \$50 millions within the next two weeks, and New Jersey is considering offering \$2 millions in September.

Grain Markets Bounce Up After Falling

THE rubber-ball grain markets have lost none of their remarkable ability to rebound with violence from both bullish and bearish news. Last week the bounce was toward lower prices when the government report had the trade in the dumps, but this week weather news was on top again, along with a lot of cash-market complications. The government report predicted decidedly ample crops of wheat and other grains with the exception of corn. In wheat, however, the Southwest harvest is very late, and terminal markets are pretty well denuded of good milling stocks; hence, regardless of the big crop that is presumably on its way, buyers find their needs somewhat hard to fill, and sellers of the July future have difficulty seeing where they can get supplies to fulfill their commitments. As a result, the July options have given the general markets an especially firm tone, even without the aid of rust development reports from the Northwest. The latter contribute importantly, however, now that the experts are finding more and more infestation.

The weekly weather report covering the early part of this week described the period as one of favorable growing weather, but reports from several Midwest states say that rainfall is again needed after the recent hot spells, regardless of the flood of moisture before July 1. Meanwhile, delay in forming a grain board in Canada, and consequent postponement of Canadian aggressive selling, together with continued drought in the Argentine, keep the world surplus condition from being a handicap to our markets.

Stocks Reach New High

PRICES on the stock exchange saw a new average high for the year during the week, with the general level bolstered

mostly by the industrial class, and less heartily by railroad and utility shares. A similar division of strength applied to the bond market, except that the second-grade railroad bond issues, which lately had been perturbed by reorganization developments, worked upward. There is no let-up in the search of plentiful investment funds for likely bonds, and in view of the continued decline in the rates of return available in new capital markets, listed bonds of investment caliber are inclined to go higher in price as money in the new financing markets becomes cheaper.

Aside from the investment pressure, both markets continue under the influence of dullness attributed partly to the season and partly to the continuance of political uncertainties at Washington. Utility stocks and bonds are practically deadlocked in their present price ranges because Congress has not decided the question of the holding-company death sentence. Occasionally an industrial stock issue becomes prominent by reporting good earnings for the first half-year. This happens more frequently than not, as corporation earnings for the first half of this year generally make better reading than for the corresponding 1934 period. Granger railroad stocks and bonds are well regarded in these days of larger crop promises, particularly the securities of the Northwest roads, which are looking forward to the best spring wheat tonnage that has been available for 7 years.

What Commodities Did

THE heavy volume of copper trade subsided after Monday, the day of the world copper production meeting in London. Copper prices abroad worked steadily upward till the day of the meeting, then quieted. Similarly, in this country, the 8¢ price, after passing a tender spot last week when presumably first-hand copper was sold at 7¼¢, got stronger and stronger on the active demand and almost brought about a price advance, despite the general belief in the trade that price increases should be taken very slowly. The world meeting produced a hearty commendation of the original production plan and a resolution to extend it without change.

Another commodity, sugar, has had a different experience this week. Of all commodities, sugar is the most fearful of an AAA upset, since the Jones-Costigan Act, which is part of the AAA machinery, is a bulwark against price demoralization from sugar surpluses. Nervousness over the Boston decision was quite apparent in the sugar trade, and activity was very dull. Fortunately there are strong points in this picture. Refiners are known to be lightly stocked with raw sugar, and Cuba is at work on restriction measures in the event they prove necessary.

Trade demand for cocoa keeps up well, but in rubber circles there is considerable disappointment over the continued low rate of domestic use and the constant threat that a price war will break out again.

Modern CHEMICAL Developments

XX

53. NEW WAY TO BUY ROSIN

Determine the acid number, saponification number, melting point, color, ash content, and any other chemical or physical characteristic that you require in rosin. Hercules Wood Rosins are sold on this basis, and when you give specifications you can be sure that they will be fulfilled regularly.

54. CONCRETE PAINT

It is believed that paints made with Tonesit, the new chlorinated rubber product, are the best available protection for concrete. They are highly resistant to moisture, acids, and alkalis. On steel, they prevent rusting, and resist abrasion. The film has a long life under adverse conditions.

55. UNIFORM TURPENTINE

The U. S. Government, state institutions, railroads, and many of the better paint manufacturers and master painters are large users of Hercules Steam-distilled Wood Turpentine. They appreciate the uniformity which results from production under exacting control, the sparkling clarity, and its superior solvent power.

56. PAPER COATING

Paper and board used for covers, containers, and wall coverings can be given a glossy, water- and grease-resistant finish with nitrocellulose lacquer. This produces a surface that does not soil easily and which can be cleaned with soap and water.

57. SPECIAL LACQUER SOLVENT

Unlike most high-boiling lacquer solvents, Hercosol No. 80 has a colliding action on nitrocellulose and readily dissolves gums and resins. The use of a small amount often will prevent gum blushing and will keep resins in solution.

58. WATERPROOF FABRICS

Certain types of nitrocellulose lacquer will stiffen cloth, while others make it soft and flexible; both types make it waterproof.

59. HERCULES PRODUCTS EXHIBIT

Products of Hercules Powder Company will be on exhibit at our Chemical Show display, Grand Central Palace, New York, December 2 to 7, 1935. Technical representatives will be present to discuss the chemical characteristics of our products.

More detailed information on any of the above subjects can be secured by filling in this coupon.



HERCULES POWDER COMPANY

INCORPORATED

Wilmington, Delaware

I am interested in items numbered:

Name _____

Address _____

Company _____

IN-80-B

Cross-Sectioning a Market

Austin, Tex., is analyzed for the sales manager in first of government reports on who buys what.

If you have anything to sell in Austin, Texas—or if you just have anything to sell—it will repay you to study a recent analysis of the Austin market made by the Department of Commerce under the title "Consumer Use of Selected Goods and Services, by Income Classes."

This is the first of a series of reports covering a small number of cities in widely scattered sections of the country, presenting for these cities a limited amount of material similar to that provided in *Business Week's* 1932 study of the *American Consumer Market*. It is a first-hand attempt to correlate income with consumption of specific commodities. As such it is an invaluable aid to sales planning.

Half Under \$1,000

You will learn that in 1933 almost half of Austin families had incomes of less than \$1,000, while only 3% had over \$5,000; that 85% of the population live in wood frame houses; that 95% of the families use a stove for heating purposes; that over 20% are minus bathtubs and shower facilities; that mechanical refrigeration is installed in only 15% of them, while, automobiles are owned by 60% of all families.

In 1933, retail sales in Austin topped \$19.5 millions, and wholesale sales were close to \$9.1 millions. No doubt these volumes have changed for the better in the past year and a half, but the pertinent 1933 data on income distribution which determine what can be sold and how much, is still relevant because it is fairly inflexible. Here, then, is a picture of the Austin, Texas, market covering 13,000 families, of whom about 2,500 families are of Negro or other non-white racial groups.

Income: The largest group of families fell within the \$1-\$1,000 annual income bracket—45.5% of the whole. Nearly 3% reported no income. Of the white families, 34% had less than \$1,000 to spend; of the Negro families, 89.8% earned less than \$1,000, and none earned over \$3,000.

Housing Materials: Bulk are frame homes, but as incomes increased, brick, stucco, and other materials gained preference. Not more than 7% of all wood houses are occupied by families having the good fortune to earn more than \$3,000 a year.

Heating Apparatus: Austin is located in a mild climatic area, so that it is not surprising to find the stove the common heating means. But, again, as income increases, there is a broader use of central heating systems. Consumers with less than \$2,000 income have only

one-eighth total number of central heating plants.

Heating Fuel: Gas is relatively cheap since Austin is in the heart of an important natural gas-producing area, so it is the most common fuel. But low-income recipients rely largely on wood.

Cooking Fuel: Electricity has made little headway in Austin as a cooking fuel. Gas is the popular fuel in two-thirds of the homes.

Lighting Fuels: Here the reverse is true—no gas being reported, while 80% of the homes utilized electricity. Income is again a determinant, since those families earning less than \$1,000 occupied 95% of the non-wired homes.

Bathing Facilities: Most home owners have installed bathtubs for themselves, but tenant families have fared less well. Over 90% of families lacking tubs fall in the less-than-\$1,000 income class; 60% of the 2-tub families have incomes of \$2,000 or more.

Mechanical Refrigeration: More than half of the \$3,000-and-more families enjoy mechanical refrigeration, but only 10% of all such equipment is found in homes of the \$1,000-and-under class. Families earning between \$3,000 and \$5,000 are the most important refrigerator buyers.

Automobiles: Four times as many Austin families own cars as refrigerators; 6% of them own more than one car; 75% of non-car owners fall in the income groups under \$1,000, but even among those earning less than \$500, 25% own some kind of a car.

Sales Chanteys

ONE sorrow agitating the vast bosom of G. K. Chesterton is that men have ceased to sing as they work. Recalling the chanteys of sailors, he tried his hand at a little rhyme that a bookkeeper might intone as he struggled to balance his books. The small business men of New York's Harlem are still close enough to Negro cotton hand and roustabout ancestors to employ song as an advertising medium. Sidewalk merchants have many ragtime parodies. One sung to the tune of "I got rhythm" starts "Ah got string beans, Ah got cabbage—" One disparaging bit, composed by a Georgia hot-dog broker, is intended to disgust customers with the ragouts of a rival West Indian. First stanza of this unfair competition goes:

What's dis talking dat I hear
'Bout possum and potatoes?
You ain't et nothing till you've et
Monkey hips and tomatoes.

Editorially Speaking—

A MILWAUKEE industrial concern bought 17 refrigerators and then sold them to its employees at cost. The purchasing agent of another company asked prices on 30 electric fans, to be passed on to employees in the same way. Wisconsin dealers in electrical products are objecting. It is very pleasant for employees to receive such favors from their employers, and it is pleasant for the employers too, since it helps to keep their employees contented; but when a large industrial firm engages in a practice that injures local retailers, it violates the general rules of business comity, and moreover it invites reprisal.

LOS ANGELES has been the only large Pacific Coast city to enjoy overnight air connection with the East and the Midwest. But now the United Air Lines have speeded up their service so that you can catch an evening plane in any of the largest Eastern or Midwestern cities and reach any city of 100,000 population on the Coast the next morning. This is a valuable service to business men, but Coast people will also approve it on the general grounds that you should never lose an unnecessary minute in getting back to God's country—especially in the summer.

THE director of the Federal Bureau of Investigation of the Department of Justice, J. Edgar Hoover, made a violent speech the other day. In his view, it seems, there is only one kind of criminal—a man "with a gun in his hand and murder in his heart"—a human rat. He denounced "that monumental fake—the prison sentence which says one thing and means another," so that "a judge sentences a man to jail for 20 years, knowing full well that he will be out in 5." Moreover, Mr. Hoover bitterly denounced all the experts who disagree with him. They are "enemies to society. There can be no middle ground."

On the contrary, there can be and is a middle ground between Mr. Hoover's view and that of the extremists on the other side. After all, Mr. Hoover himself has no great first-hand acquaintance with criminals. He started in as a clerk in a government office, and he has been an office man ever since. There are other men who are genuine experts in dealing with criminals, and can differentiate between them. One of them is Warden Lawes of Sing Sing, who remarks that "if there were no parole system and no restoration of offenders to society, there would not be enough prisons to hold them." And Parole Director Lane of New Jersey points out that "there is no way to keep the great majority of these criminals in prison indefinitely even if we wanted to," because if all sentences

were carried out in full as imposed, "it would take 20 times the present capacity of reformatories and prisons to do it."

The established fact is that a great many paroled prisoners settle down and behave themselves. Our parole and prison systems need improvement, which can best be devised by capable and experienced men like Warden Lawes.

THE World Peace Foundation is making a survey of the attitude of business men towards war. Letters are being sent to more than a thousand leading executives, and the director of the foundation believes the answers will reveal that "the American business leader prefers the long-time continuity of orderly peacetime business to the temporary and altogether illusory profits of war-time trade."

No doubt he does, and so do the business leaders of several other large countries (not all). But whether we shall have war does not depend on the abstract preference of the business leaders; it depends on the definite policies being pursued by the nations. If these policies lead to friction, and the friction is long continued and becomes more serious, and finally the conflict of national interests seems beyond hope of settlement by peaceful means, then we get war. Actions, not abstract opinions, determine the result.

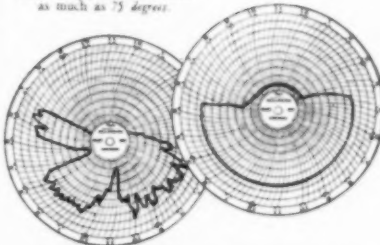
FACTS: Cities that are governed under the city-manager plan have done better by their taxpayers, and by the beneficiaries of social services, than have other cities. During the depression their tax rates have been lower, according to a report by the National Municipal League; and yet they have cut their health appropriations 7.5% less than the average reduction.

Conclusion: City-manager cities, on the average, are governed better than other cities.

Question: Are they governed better because they operate under the city-manager plan, or did they adopt that plan because they were well-governed cities already and thought that the city-manager plan would make their government even more efficient?

RECENTLY a large part of the Midwest had an extraordinarily long spell of rain, and so retail sales declined. Thereupon a merchant in Evanston, Chicago's largest North Shore suburb (63,000 population in 1930), advertised that any article in the store would be sold for 10% off while rain was falling. The first customer to take advantage of this offer (according to a hearsay report, probably unreliable) was a woman in a new organdy dress, who came dashing in out of the wet to buy an umbrella.

Before installing Iron Fireman. Temperature variations as much as 75 degrees.



IRON FIREMAN licks Niagara's gales for Spirella plant



W. E. Hosler, President, Spirella Company, Inc.

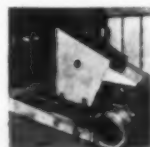
The plant of the Spirella Company is located on the brink of the great Niagara Gorge at Niagara Falls. Niagara's gales are temperamental. Even temperature is not easy to maintain in a plant situated within 100 feet of the Gorge. Temperature charts showed variations of 75 degrees inside this plant due to the "let-downs" of hand-firing.

In September, 1929, the Spirella Company installed an Iron Fireman automatic coal burner. The temperature charts above tell what happened. Iron Fireman cut temperature variation to less than 2 degrees. "These charts," says W. E. Hosler, President, "tell the story of our satisfaction."

In six years Iron Fireman has reduced heating costs at the Spirella plant an average of \$1603 per year. It has saved the Spirella Company over \$9600. It paid for itself in the first 15 months of operation. "Our savings," says Mr. Hosler, "together with the assurance of future additional savings, make Iron Fireman one of the most profitable investments we have ever made."

What Iron Fireman can do for you in your heating plant, power boilers, or in your residence represents a possibility which should have your early consideration. Ask us to make a free firing survey showing what Iron Fireman can do for you. Iron Fireman Manufacturing Company, Portland, Oregon; Cleveland; Toronto. Dealer everywhere.

Spirella plant at Niagara Falls, N. Y. One of 7 plants of the world's largest manufacturer of custom built corsets.



IRON FIREMAN



AUTOMATIC COAL BURNER

IRON FIREMAN MANUFACTURING CO.
3014 W. 106th St., Cleveland, Ohio.

Type of plant:

- ☐ Send literature ☐ Commercial heating
☐ Make firing survey ☐ Power ☐ Residential

Name _____

Address _____

BUSINESS WEEK

The Journal of Business News and Interpretation

JULY 20, 1935

Business and the President

Last week's issue of this magazine contained a Washington dispatch on the subject of the break between business and the President. It is saddening to look back upon those eager, splendid days of March, 1933, when business gave Mr. Roosevelt such ardent support as no other President has ever enjoyed, and then to contemplate the jangled nerves and passionate discord so noticeable today. The fine friendship between the President and business has vanished, but not through any fault on the part of business.

Much that is said in praise of the New Deal is true. Business was in need and came pleading to Washington. It admitted that it had made mistakes. It asked for government help, and got it. Notwithstanding the recent attempts to rewrite the history of the winter of 1932-33, Mr. Roosevelt deserves full credit for saving the American banks. Thousands of banks had been failing, not only during the depression but all through the '20's. Franklin Roosevelt saved nearly all the banks that remained, and he put legislation through Congress that has kept them safe.

At the outset of his Administration, business displayed absolute faith in him. He brought courage and smiling hope after the dark and suspicious years. Reform was on his program, but much more urgent than this, it seemed, was the need of recovery, and the new President was relied upon to accomplish his reforms without essential injury to business.

But all that is of the past. The co-operation between Mr. Roosevelt and business has largely been replaced by hostility. The change is not imputable to the ingratitude of business. It is not a case of Mr. Roosevelt's having rescued these people from drowning and the minute they get ashore they start kicking him to death. It is a case of having been patient beyond all patience, reasonable beyond all reason, trying earnestly to find a common meeting-ground, and slowly, surely, unmistakably failing.

Business was conscious of the social problems which Mr. Roosevelt attempted to solve. It signed up almost 100% for the NRA before the Administration was actually ready to move. One of the conspicuous phenomena revealed in the early part of

Mr. Roosevelt's Presidency was the liberalism of the directing heads of some of the greatest corporations of America. Men like Owen D. Young and Walter Teagle, heads of immense enterprises, did not simply consent to a Presidential reform program; they sat down and worked out their own plans for translating the best social concepts into practice. But gradually they found that Mr. Roosevelt's permanent preference was for more radical stuff, destructive of business and obstructive of recovery. So the best minds and hearts of American business have met defeat.

Most of these business leaders who have left Washington in the past few weeks, resigning from official and semi-official agencies, are not the type of hard-shelled Bourbon who wants to annihilate every attempt at reform. They are liberal business men. They have gone home in sorrow, too sick at heart to indulge in much speaking. Reluctantly they have come to the conclusion that there is no place for them in the councils of the Administration. It may be that the break between Mr. Roosevelt and business is not past all remedy. But right now it seems complete and permanent.

Nothing Is Law If Not Constitutional

An editorial in the July 6 issue of *Business Week*, dealing with the Wagner Labor Disputes Act, has been misrepresented by various pro-labor newspapers and in speeches and articles by labor leaders, ranging from President Green of the American Federation of Labor to President Broun of the American Newspaper Guild. Mr. Green denounced the editorial in a speech in New York, and his utterances find an echo in the American Federation of Labor's *Monthly Survey of Business*, which imputes to us "the view that Congress

is no longer the nation's lawmaker. Acts of Congress do not become law until they have the Supreme Court's stamp of approval."

We neither said nor implied anything of the sort. Acts of Congress become law as soon as they are signed by the President—if they are constitutional. But if they are not constitutional they never become law. All the Supreme Court does is to decide whether they were ever law. If an Act of Congress is obviously unconstitutional, no citizen is obliged to obey it.

Outlook for Trade With the Soviets

Our trade agreement with the Soviet Union is important, but not to the degree suggested by the newspaper headlines. The Soviets promise to spend \$30 millions during the coming year for American goods. This is not a great purchase for the Soviets to make; they have spent nearly half that much for American goods so far this year. The June 29 issue of *Business Week* contained the first report published anywhere of new Soviet purchases amounting to several million dollars. However, these orders were placed not only because the Soviets are afraid of a military attack (especially in the Far East), but also to induce Secretary Hull to conclude the trade agreement. He has been reluctant to make any concessions whatever to the Soviets. They persuaded him by coming into the American market with cash.

In the 5 years, 1926-30, Soviet purchases here averaged \$75 millions annually. But we bought much less from them, and so the ultimate effect on world trade and American prosperity was not good. Now we are to buy as much as we sell, and the \$30-million figure makes that easier. And if conditions are favorable, the trade may soon increase to \$50 millions on each side.

The development of Soviet economy has been accurately and promptly reported by *Business Week*, as witness the recent articles on the great and significant increase of Soviet gold production, and the article in last week's issue that explained how the Amtorg Trading Corp. operates.

Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd St., New York. Tel. MEdallion 3-0700. Price 20¢. Subscription: \$5.00 a year, \$10 for three years, U. S. A. and possessions. Foreign 30 shillings. Cable code, McGrawhill

Glenn Griswold,
Vice-President and Editor

Ralph B. Smith
Managing Editor

Paul Montgomery
Manager

Marketing, O. Fred. Rost
Industry, Wallace Thompson
Foreign, J. F. Chapman

News Editor, Louis H. Engel
Transportation, Irvin Foos
Typography, F. A. Huxley

Washington, Paul Wooton, Carter Field

Economist, David Dillman
Finance, Arthur W. Baum
Statistics, R. I. Carlson

lawmaker.
some law
Court's

lied any-
Congress
re signed
e consti-
not con-
law. All
o decide
. If an
y uncon-
ligned to

the So-
t not to
ne news-
promise
the com-
This is
e Soviets
arly half
ls so far
of *Busi-*
st report
y Soviet
eral mil-
e orders
e the So-
y attack
but also
conclude
has been
ncessions
they per-
ne Amer-

, Soviet
millions
much less
ate effect
an pros-
we are
and the
at easier.
able, the
\$50 mil-

iet-econ-
promptly
as wit-
the great
viet gold
in last
how the
rates.

New York.
three years.
Mcgrawhill

Montgomery
anager

id Dillman
W. Baum
I. Carlson

SS WEEK

JULY
19



BUSI
INDI

75-
70-
65-
Year
ago
55-
50-

DI
ye